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LOGAN/MASON/MENARD COUNTIES – REGIONAL OFFICE OF EDUCATION NO. 38  
AGENCY OFFICIALS

**Officials**

Regional Superintendent

Ms. Jean Anderson  
(current and during the audit period)

Assistant Regional Superintendent

Ms. Terri McDowell  
(current and during the audit period)

Offices are located at:

122 North McLean Street  
Lincoln, IL 62656

Mason County Courthouse  
Havana, IL 62644

FINANCIAL REPORT SUMMARY

The financial audit testing performed in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

The auditors' reports do not contain scope limitations, disclaimers, or other significant non- standard language.

**SUMMARY OF AUDIT FINDINGS**

<b><u>Number of</u></b>	<b><u>This Audit</u></b>	<b><u>Prior Audit</u></b>
Audit Findings	2	2
Repeated Audit Findings	2	2
Prior recommendations implemented or not repeated	0	1

Details of audit findings are included in a separate report section.

An additional matter which is less than a significant deficiency or material weakness but more than inconsequential, has been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
		Findings ( <i>Government Auditing Standards</i> )	
09-1	12	Internal Control Over Financial Statement Preparation	Material Weakness
09-2	14	Uninsured Deposits in Bank	Significant Deficiency
		Findings ( <i>Federal Compliance</i> )	
None			
		Prior Findings Not Repeated ( <i>Government Auditing Standards</i> )	
None			

FINANCIAL REPORT SUMMARY

(Continued)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Regional Office of Education No. 38 personnel at an exit conference on January 25, 2010. Attending were as follows:

- Jean Anderson, Regional Superintendent;
- Sandy Blane, Bookkeeper;
- Kyle E. McGinnis, Kyle E. McGinnis, CPA Principal; and
- Shelley A. Bussen, Kyle E. McGinnis, CPA Audit Manager

Responses to the recommendations were provided by Jean Anderson in a letter dated February 10, 2010.

LOGAN/MASON/MENARD COUNTIES – REGIONAL OFFICE OF EDUCATION NO. 38

FINANCIAL STATEMENT REPORT SUMMARY

FOR THE YEAR ENDED JUNE 30, 2009

The audit of the accompanying basic financial statements of the Logan/Mason/Menard Counties Regional Office of Education No. 38 was performed by Kyle E. McGinnis, CPA.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education No. 38's basic financial statements.

**KYLE E. McGINNIS**

Certified Public Accountant

**MEMBER OF:**

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**200 EAST PINE \* SPRINGFIELD, ILLINOIS 62704  
TELEPHONE: (217) 753-3377 FAX: (217) 753-8922**

**Independent Auditors' Report**

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan/Mason/Menard Counties Regional Office of Education No. 38, as of and for the year ended June 30, 2009, which collectively comprise the Regional Office of Education No. 38's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education No. 38's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education No. 38, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 3, 2010 on our consideration of the Regional Office of Education No. 38's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 19 through 24 and 48 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education No. 38's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others – Distributive Fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Kyle E. McGinnis, CPA  
Springfield, Illinois

March 3, 2010



**KYLE E. McGINNIS**

Certified Public Accountant

**MEMBER OF:**

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS**

**ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**200 EAST PINE \* SPRINGFIELD, ILLINOIS 62704**

**TELEPHONE: (217) 753-3377 FAX: (217) 753-8922**

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan/Mason/Menard Counties Regional Office of Education No. 38, as of and for the year ended June 30, 2009, which collectively comprise the Regional Office of Education No. 38's basic financial statements and have issued our report thereon dated March 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Regional Office of Education No. 38's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Regional Office of Education No. 38's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education No. 38's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in finding 09-1 in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 09-2 in the accompanying Schedule of Findings to be a significant deficiency.

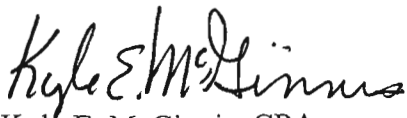
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Regional Office of Education No. 38's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Regional Office of Education No. 38 in a separate letter dated March 3, 2010.

The Regional Office of Education No. 38's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit Regional Office of Education No. 38's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Kyle E. McGinnis, CPA  
Springfield, Illinois

March 3, 2010

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED JUNE 30, 2009

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no N/A
- Significant deficiency (ies) identified that are not considered to be material weaknesses?  yes  no N/A

Type of auditors’ report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?  yes  no N/A

Identification of major programs: N/A

CFDA Number(s)

Name of Federal Program or Cluster

N/A

Dollar threshold used to distinguish Type A and Type B programs: N/A

Auditee qualified as low risk auditee?  yes  no N/A

**LOGAN, MASON, MENARD COUNTIES –  
REGIONAL OFFICE OF EDUCATION NO. 38**

**SCHEDULE OF FINDINGS**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2009**

**Finding No. 09-1 – Internal Control Over Financial Statement Preparation. (Repeated from Finding 08-1; 07-3)**

**Criteria/Specific Requirement:**

The Regional Office of Education No. 38 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education No. 38 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with GAAP.
- The financial statements did not contain disclosures as required by GAAP.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

Regional Office officials stated they were aware of their responsibility to properly prepare financial statements in accordance with GAAP and are taking steps to ensure they are prepared on a timely basis.

**LOGAN, MASON, MENARD COUNTIES –  
REGIONAL OFFICE OF EDUCATION NO. 38**

**SCHEDULE OF FINDINGS**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2009**

**Finding No. 09-1 – Internal Control Over Financial Statement Preparation. (Repeated from Finding 08-1; 07-3) Continued**

**Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 38 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of GAAP, GASB pronouncements, and knowledge of the Regional Office of Education’s activities and operations.

**Agency Response:**

The Agency understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed for reporting throughout the year. Management will review year end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

**LOGAN, MASON, MENARD COUNTIES –  
REGIONAL OFFICE OF EDUCATION NO. 38**

**SCHEDULE OF FINDINGS**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2009**

**Finding No. 09-2 – Uninsured Deposits in Bank. (Repeated from Finding 08-2; 07-4)**

**Criteria/Specific Requirement:**

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education No. 38's name. In addition, prudent business practice requires that all deposits held by financial institutions for the Regional Office of Education #38 be adequately covered by depository insurance or collateral.

**Condition:**

During fiscal year 2009 there were three months where the Regional Office of Education No. 38 had deposits in a bank which exceeded the Federal Deposit Insurance Corporation (FDIC) insured limit and no additional collateral regarding the amount in excess of the FDIC insured limit was obtained. During this three month period the Regional Office's deposits exceeded the FDIC insured limit by as much as \$22,564.

**Effect:**

Failure to ensure bank balances are properly protected subjects the Regional Office of Education funds to a risk of loss in the event of failure of the bank in which the Regional Office of Education funds are deposited.

**Cause:**

The Regional Office of Education No. 38 did not monitor the collateral for deposits in excess of the FDIC insurance limit.

**Recommendation:**

The Regional Office of Education No. 38 should periodically monitor the amount of collateral held on deposit to ensure that an adequate amount is maintained.

**Agency Response:**

The Agency agrees. In the early part of FY 2009, the ROE established a separate account in a different bank to accommodate the new GED testing program, which ensures that the largest deposit in the account in question will not exceed \$250,000. Therefore, the current FDIC insurance limits should cover the Agency's deposits, since GED funds no longer share a bank account with any other funds. However, appropriate collateralization of accounts has also been confirmed by the Agency, in the unlikely event that deposits might exceed the FDIC limitations.

**LOGAN/MASON/MENARD COUNTIES –**  
**REGIONAL OFFICE OF EDUCATION NO. 38**

**SCHEDULE OF FINDINGS**

**SECTION III – FEDERAL AWARDS FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2009**

Instances of Noncompliance:

None.

Significant Deficiencies or Material Weaknesses:

None.

**CORRECTIVE ACTION PLAN**

**FOR THE YEAR ENDED JUNE 30, 2009**

**Corrective Action Plan for current year audit findings**

Finding No. 09-1. Internal Control Over Financial Statement Preparation

**Condition:**

The Regional Office of Education No. 38 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with GAAP.
- The financial statements did not contain disclosures as required by GAAP.

**Plan:**

The Agency understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed for reporting throughout the year. Management will review year end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

**Anticipated Date of Completion:**

Ongoing.

**Name of Contact Person:**

Jean Anderson, Regional Superintendent of Schools



CORRECTIVE ACTION PLAN  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

Corrective Action Plan for current year audit findings

Finding No. 09-2. Uninsured Deposits in Bank

**Condition:**

During fiscal year 2009 there were three months where the Regional Office of Education No. 38 had deposits in a bank which exceeded the Federal Deposit Insurance Corporation (FDIC) insured limit and no additional collateral regarding the amount in excess of the FDIC insured limit was obtained. During this three month period the Regional Office's deposits exceeded the FDIC insured limit by as much as \$22,564.

**Plan:**

The Agency agrees. In the early part of FY 2009, the ROE established a separate account in a different bank to accommodate the new GED testing program, which ensures that the largest deposit in the account in question will not exceed \$250,000. Therefore, the current FDIC insurance limits should cover the Agency's deposits, since GED funds no longer share a bank account with any other funds. However, appropriate collateralization of accounts has also been confirmed by the Agency, in the unlikely event that deposits might exceed the FDIC limitations.

**Anticipated Date of Completion:**

October 2008

**Name of Contact Person:**

Jean Anderson, Regional Superintendent of Schools

**LOGAN, MASON, MENARD COUNTIES –**  
**REGIONAL OFFICE OF EDUCATION No.38**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2009**

<b><u>Finding Number</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
08-1	Internal Control Over Financial Statement Preparation	Repeated as 09-1
08-2	Uninsured Deposits in Bank	Repeated as 09-2

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2009

The Regional Office of Education No. 38 provides this Management’s Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Agency’s financial statements, which follow.

**2009 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$344,466 in fiscal year 2008 to \$333,603 in fiscal year 2009, and the General Fund expenditures decreased from \$343,284 in fiscal year 2008 to \$326,642 in fiscal year 2009. The Regional Office of Education No. 38 experienced an increase in the General Fund’s fund balance from \$39,348 in fiscal year 2008 to \$46,462 in fiscal year 2009.
- The decrease in General Fund revenues was attributable to the local sources of revenue. The decrease in General Fund expenditures was primarily due to a decrease in salaries and benefits.
- Education Fund revenues increased from \$96,355 in fiscal year 2008 to \$97,106 in fiscal year 2009, and the Education Fund expenditures decreased from \$97,661 in fiscal year 2008 to \$97,332 in fiscal year 2009. The Education Fund’s fund balance experienced a decrease from \$1,259 in fiscal year 2008 to \$985 in fiscal year 2009 due to increase in capital outlay.

**USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

- Management’s Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency’s financial activities.
- The Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education No. 38 as a whole and present an overall view of the Agency’s finances.
- The fund financial statements tell how governmental services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the Agency’s operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplemental Information further explains and supports the financial statements with a comparison of the Agency’s detailed information for each category of funds and provides detailed information about the nonmajor funds.

MANAGEMENT’S DISCUSSION AND ANALYSIS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**REPORTING THE OFFICE AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

The Government-wide statements report information about the Regional Office of Education No. 38 as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the Agency’s assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the Agency’s net assets and how they have changed. Net assets – the difference between the assets and liabilities – are one way to measure the Agency’s financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Agency’s overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

**Fund Financial Statements**

The fund financial statements provide detailed information about the Agency’s funds, focusing on its most significant or “major” funds. Funds are accounting devices, which allow the tracking of specific sources of funding and spending on particular programs. State law requires the establishment of funds. The Regional Office of Education No. 38 established other funds to control and manage money for particular purposes.

The Agency has two kinds of Fund classifications:

- 1) Governmental funds account for all the Agency’s services. These focus on how cash, and other financial assets that can be readily converted to cash, flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Agency’s programs. The Agency’s Governmental Funds include the General Fund and the Special Revenue Funds. The required financial statements for Governmental Funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance.
- 2) Fiduciary Funds account for services for which the Regional Office of Education No. 38 acts as a fiscal agent for individuals and private or governmental organizations. The fiduciary funds’ required financial statements include a Statement of Fiduciary Net Assets.

MANAGEMENT’S DISCUSSION AND ANALYSIS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**Fund Financial Statements (Continued)**

A summary reconciliation between the Government-wide financial statements and the fund financial statements is included in the fund financial statements.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education No. 38’s net assets at the end of fiscal year 2009 totaled \$156,780. At the end of fiscal year 2008, the net assets were \$163,534. The analysis that follows provides a summary of the Agency’s net assets at June 30, 2009 and 2008 for governmental activities.

CONDENSED STATEMENT OF NET ASSETS  
June 30, 2009 and 2008

Governmental Activities

	<u>2009</u>	<u>2008</u>
Current Assets	\$ 174,639	\$ 156,425
Capital Assets	<u>7,071</u>	<u>7,828</u>
Total Assets	<u>181,710</u>	<u>164,253</u>
Current Liabilities	<u>\$ 24,930</u>	<u>\$ 719</u>
Total Liabilities	<u>24,930</u>	<u>719</u>
Net Asset		
Investment in capital assets, net of related debt	7,071	7,828
Unrestricted	94,471	91,703
Restricted for teacher professional development	<u>55,238</u>	<u>64,003</u>
Total Net Assets	<u>\$ 156,780</u>	<u>\$ 163,534</u>

The Regional Office of Education No. 38’s net assets decreased by \$6,754 from fiscal year 2008 to fiscal year 2009. The decrease was primarily due to a decrease in local source income.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2009 and 2008.

	Governmental Activities		Total	
	2009	2008	2009	2008
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 100,960	\$ 99,955	\$ 100,960	\$ 99,955
General revenues:				
Local sources	139,343	150,114	139,343	150,114
On-behalf payments	205,480	214,990	205,480	214,990
Interest	2,096	3,176	2,096	3,176
Total revenues	<u>\$ 447,879</u>	<u>\$ 468,235</u>	<u>\$ 447,879</u>	<u>\$ 468,235</u>
Expenses:				
Program expenses:				
Salaries and benefits	\$ 187,875	\$ 193,509	\$ 187,875	\$ 193,509
Purchased services	38,456	41,863	38,456	41,863
Supplies and materials	10,052	9,434	10,052	9,434
Other objects	7,812	8,255	7,812	8,255
Depreciation	6,002	6,015	6,002	6,015
Prior year refund	122	1,528	122	1,528
Administrative expenses:				
On-behalf payments - state	205,480	214,990	205,480	214,990
Total expenses	<u>\$ 455,799</u>	<u>\$ 475,594</u>	<u>\$ 455,799</u>	<u>\$ 475,594</u>
Changes in net assets	\$ (7,920)	\$ (7,359)	\$ (7,920)	\$ (7,359)
Net assets, beginning of year	163,534	170,893	163,534	170,893
Prior period adjustment (Note 11)	1,166	-	1,166	-
Net assets, end of year	<u>\$ 156,780</u>	<u>\$ 163,534</u>	<u>\$ 156,780</u>	<u>\$ 163,534</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**Governmental Activities**

Revenues for governmental activities were \$447,879 and expenses were \$455,799. In a difficult budget year, the ROE was not able to keep expenditures below revenue which resulted in a decrease in net assets.

**Financial Analysis of the Regional Office of Education No. 38 Funds**

As previously noted, the Regional Office of Education No. 38 used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency’s Governmental Funds reported combined fund balances of \$149,709. This is a decrease of \$5,997 from last year’s balance of \$155,706. The primary reason for the decrease was due to a decrease in local sources in the institute fund.

**Governmental Fund Highlights**

- County support for the Regional Office of Education No. 38 grew by approximately 1% over the last two fiscal years.

**Budgetary Highlights**

The Regional Office of Education No. 38 annually adopts budgets for several funds when required by the granting Agency. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the three County Boards for their approval. The Office Operations Budget covers a fiscal year of December 1 through November 30.

All grant budgets are prepared by the Regional Office of Education No. 38 and submitted to the granting Agency for approval; however, they are not legally required or adopted. Amendments must be submitted under guidelines established by the granting Agency. Schedules showing the budget amounts compared to the Agency’s actual financial activity are included in the supplementary information of this report.

**Capital Assets**

Capital Assets of the Regional Office of Education No. 38 include equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education No. 38 maintains an inventory of capital assets, which have been accumulated over time. The decrease for fiscal year 2009 was \$757 a result of equipment being depreciated. The Regional Office of Education No. 38’s capital asset balance for fiscal year 2009 is \$7,071, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 6 to the financial statements.



MANAGEMENT’S DISCUSSION AND ANALYSIS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**Economic Factors and Next Year’s Budget**

At the time these financial statements were prepared and audited, the Agency was aware of several existing circumstances that could significantly affect its financial health in the future:

- The interest rate on investments remains low and will continue to impact interest earned.
- The Truancy Program funding was decreased 10% from fiscal year 2009.
- The Homeless Program funding is the same as that provided in fiscal year 2009, which was less than the fiscal year 2008 award.
- Since the State takes longer to issue money to the Regional Office of Education, it may force the Agency to take out a loan in order to cover some expenses while awaiting funding.
- The rising cost of supplies and personnel is not being met by the proposed funding from the State and local sources.

**Contacting the Regional Office’s Financial Management**

This financial report is designed to provide the Agency’s citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education No. 38, at 122 N. McLean Street, Lincoln, IL 62656.

## **Basic Financial Statements**

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38STATEMENT OF NET ASSETSJUNE 30, 2009

	<u>Primary Government</u>	
	<u>Governmental</u>	
	activities	<u>Total</u>
Assets:		
Current assets:		
Cash	\$ 148,778	\$ 148,778
Due from other government agencies	25,861	25,861
Total current assets	174,639	174,639
Noncurrent assets:		
Capital assets, being depreciated, net	7,071	7,071
Total assets	<u>\$ 181,710</u>	<u>\$ 181,710</u>
Liabilities:		
Current liabilities		
Excess of outstanding checks over bank balance	\$ 24,930	\$ 24,930
Total liabilities	<u>\$ 24,930</u>	<u>\$ 24,930</u>
Net assets:		
Investment in capital assets, net of related debt	\$ 7,071	\$ 7,071
Unrestricted	94,471	94,471
Restricted for teacher professional development	55,238	55,238
Total net assets	<u>\$ 156,780</u>	<u>\$ 156,780</u>

The notes to the financial statements are an integral part of this statement.

## LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Expenses</u>	<u>Program revenues Operating grants and contributions</u>	<u>Net (expense)/revenue and changes in net assets</u>	
			<u>Primary government Governmental activities</u>	<u>Total</u>
Functions/programs:				
Governmental activities:				
Instructional services:				
Salaries	\$ 164,188	\$ 70,550	\$ (93,638)	\$ (93,638)
Employee benefits	23,687	10,273	(13,414)	(13,414)
Purchased services	38,456	11,875	(26,581)	(26,581)
Supplies and materials	10,052	4,756	(5,296)	(5,296)
Other objects	7,812	3,506	(4,306)	(4,306)
Prior year refund	122	-	(122)	(122)
Depreciation	6,002	-	(6,002)	(6,002)
Administrative:				
On-behalf payments - State	205,480	-	(205,480)	(205,480)
Total governmental activities	<u>\$ 455,799</u>	<u>\$ 100,960</u>	<u>\$ (354,839)</u>	<u>\$ (354,839)</u>
General revenues:				
Local sources			\$ 139,343	\$ 139,343
Interest income			2,096	2,096
On-behalf payments - State			205,480	205,480
Total general revenues			<u>\$ 346,919</u>	<u>\$ 346,919</u>
Change in net assets			\$ (7,920)	\$ (7,920)
Net assets - July 1, 2008			163,534	163,534
Prior period adjustment (Note 11)			<u>1,166</u>	<u>1,166</u>
Net assets - June 30, 2009			<u>\$ 156,780</u>	<u>\$ 156,780</u>

The notes to the financial statements are an integral part of this statement.

## LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2009

	<u>General fund</u>	<u>Education fund</u>	<u>Institute fund</u>	<u>G.E.D. fund</u>	<u>Other nonmajor funds</u>	<u>Total governmental funds</u>
Assets:						
Cash	\$ 46,445	\$ 139	\$ 55,170	\$ 29,218	\$ 17,806	\$ 148,778
Due from other government agencies	17	25,776	68	-	-	25,861
Total assets	<u>\$ 46,462</u>	<u>\$ 25,915</u>	<u>\$ 55,238</u>	<u>\$ 29,218</u>	<u>\$ 17,806</u>	<u>\$ 174,639</u>
Liabilities:						
Excess of outstanding checks over bank balance	\$ -	\$ 24,930	\$ -	\$ -	\$ -	\$ 24,930
Total liabilities	<u>\$ -</u>	<u>\$ 24,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,930</u>
Fund balances:						
Unreserved, reported in:						
General fund	\$ 46,462	\$ -	\$ -	\$ -	\$ -	\$ 46,462
Special revenue fund	-	985	55,238	29,218	17,806	103,247
Total fund balances	<u>\$ 46,462</u>	<u>\$ 985</u>	<u>\$ 55,238</u>	<u>\$ 29,218</u>	<u>\$ 17,806</u>	<u>\$ 149,709</u>
Total liabilities and fund balances	<u>\$ 46,462</u>	<u>\$ 25,915</u>	<u>\$ 55,238</u>	<u>\$ 29,218</u>	<u>\$ 17,806</u>	<u>\$ 174,639</u>

The notes to the financial statements are an integral part of this statement.

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETSJUNE 30, 2009

Total fund balances - governmental funds	\$ 149,709
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	<u>7,071</u>
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Net assets of governmental activities	<u><u>\$ 156,780</u></u>
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The notes to the financial statements are an integral part of this statement.

## LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	General fund	Education fund	Institute fund	G.E.D. fund	Other nonmajor funds	Total governmental funds
Revenue						
Federal sources	\$ -	\$ 11,190	\$ -	\$ -	\$ -	\$ 11,190
State sources	-	85,916	-	-	3,854	89,770
Local sources	128,123	-	4,926	5,274	1,020	139,343
On-behalf payments - State	205,480	-	-	-	-	205,480
Total revenue	\$ 333,603	\$ 97,106	\$ 4,926	\$ 5,274	\$ 4,874	\$ 445,783
Expenditures:						
Salaries	\$ 93,638	\$ 70,550	\$ -	\$ -	\$ -	\$ 164,188
Employee benefits	13,414	10,273	-	-	-	23,687
Purchased services	9,816	10,871	12,898	3,037	1,834	38,456
Supplies and materials	2,711	4,756	314	1,937	334	10,052
Other objects	1,583	-	-	-	6,229	7,812
Prior year refund	-	122	-	-	-	122
Capital outlay	-	760	2,254	1,065	-	4,079
On-behalf payments - State	205,480	-	-	-	-	205,480
Total expenditures	\$ 326,642	\$ 97,332	\$ 15,466	\$ 6,039	\$ 8,397	\$ 453,876
Excess (deficiency) of revenue over (under) expenditures	\$ 6,961	\$ (226)	\$ (10,540)	\$ (765)	\$ (3,523)	\$ (8,093)
Other financing sources (uses):						
Transfers in	\$ -	\$ -	\$ 39,115	\$ -	\$ -	\$ 39,115
Transfers out	-	-	(39,115)	-	-	(39,115)
Interest	153	(48)	1,775	-	216	2,096
Total other financing sources (uses)	\$ 153	\$ (48)	\$ 1,775	\$ -	\$ 216	\$ 2,096
Net changes in fund balances	\$ 7,114	\$ (274)	\$ (8,765)	\$ (765)	\$ (3,307)	\$ (5,997)
Fund balances - July 1, 2008	39,348	1,259	64,003	29,983	21,113	155,706
Fund balances - June 30, 2009	\$ 46,462	\$ 985	\$ 55,238	\$ 29,218	\$ 17,806	\$ 149,709

The notes to the financial statements are an integral part of this statement.

LOGAN/MASON MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIESGOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - governmental funds	\$ (5,997)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(6,002)
Capital assets purchases capitalized	4,079
	<hr/>
Change in net assets of governmental activities	<u><u>\$ (7,920)</u></u>

The notes to the financial statements are an integral part of this statement.



LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38STATEMENT OF FIDUCIARY NET ASSETSFIDUCIARY FUNDSJUNE 30, 2009

	<u>Agency funds</u>
Assets:	
Cash	\$ 34,479
Total assets	<u>\$ 34,479</u>
Liabilities:	
Due to other government agencies	\$ 34,479
Total liabilities	<u>\$ 34,479</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

**1. Organization Description**

The Regional Office of Education No. 38 was formed under the provisions of the State of Illinois, Illinois Board of Education.

In 2008, the Regional Office of Education No. 38 implemented Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. In 2009, the Regional Office of Education No. 38 implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and GASB Statement No. 52, *Land and Other Real Estate held as Investments by Endowments*. The Regional Office of Education No. 38 implemented these standards during fiscal year 2008 and 2009, however; GASB No. 48, 49 and 52 had no impact on the financial statements.

The Logan, Mason, and Menard Counties Regional Office of Education No. 38 is an entity that is a result of two Educational Service Regions becoming a Regional Office of Education as of August 1, 1979. The Logan/Mason/Menard Counties Regional Office of Education No. 38 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education No. 38 encompasses Logan, Mason, and Menard Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the Regional Office of Education No. 38 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent is charged with responsibility for township fund lands; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teacher meetings and assist their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before September 30; maintenance of a map and numbering of the Regional Office of Education No. 38's districts; to inspect and approve building plans which comply with State laws; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related actions as may be required; to maintain a list of unfilled teaching positions and carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within the region are properly bonded.

The Regional Superintendent is also responsible for apportionment and payments of funds received from the State for the districts in the region, or see that no payments are made unless the treasurer has filed or

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**1. Organization Description (Continued)**

renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2009, the Regional Office of Education No. 38 applied for, received and administered State programs and grants in assistance and support of the educational activities of the school districts of the Regional Office of Education No. 38. Such activities are reported as a single major special revenue fund (Education Fund).

**2. Summary of Significant Accounting Policies**

The financial statements of the Regional Office of Education No. 38 have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Government Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

**a. Financial Reporting Entity**

The Regional Office of Education No. 38's reporting entity includes all related organizations for which the Regional Office of Education No. 38 exercises oversight responsibility.

The Regional Office of Education No. 38 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the Regional Office of Education No. 38, including joint agreements that serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether the Regional Office of Education No. 38 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matter), scope of public service, and special financing relationships.

The Regional Office of Education No. 38 acts as the administrative agent for the Regional Vocational Delivery System (a joint agreement). As administrative agent, the Regional Office of Education No. 38 receives and distributes the Regional Vocational Delivery System's funding.

The joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 38 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 38 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education No. 38 being considered a component unit of the entity.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**b. Basis of Presentation**

Governmental-wide and Fund Financial Statements

The government-wide financial statements (i.e. Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effects of interfund activity have been removed from these statements. Governmental activities include programs supported by State and Federal grants and other intergovernmental revenues.

The Regional Office of Education No. 38's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Regional Office of Education No. 38 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 38's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables and transfers. Interfund activities between governmental funds appear as due to/due from on the governmental fund Balance Sheet and as other sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain differences in

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**b. Basis of Presentation (Continued)**

Governmental Fund Financial Statements (Continued)

fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

**c. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

The governmental funds financial statements focus on the measurement of spending or “financial flow” and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during the period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education No. 38, therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenue at the time of receipt or earlier if the susceptible to accrual criteria are met.

NOTES TO FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**c. Measurement Focus and Basis of Accounting (Continued)**

Under the terms of grant agreements, the Regional Office of Education No. 38 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the Regional Office of Education No. 38's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

**d. Fund Accounting**

The Regional Office of Education No. 38 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education No. 38 uses governmental and fiduciary funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are reported. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

As prescribed by GASB 34, governmental fund reporting focuses on the major funds, rather than fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education No. 38 has presented all major funds that meet the above qualifications.

The Regional Office of Education No. 38 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 38. It is used to account for the expenditures, which benefit all school districts in the region except those required to be accounted for in other funds. General funds include the following:

NOTES TO FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**d. Fund Accounting (Continued)**

Operating Fund – This fund accounts for all financial support of the Regional Office of Education No. 38 and is its primary operating fund.

Indirect Cost Fund – This fund accounts for the indirect costs for the Regional Office of Education No. 38.

Land Transfer Fund – The Regional Office of Education is responsible for Land Transfer petition. A person wishing to send their child to another school district can petition the Regional Board of School Trustees to detach their property from one district and annex it to another. The petitioner is required to pay for this process and this account tracks the money that they pay to the office.

Major Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education Fund – This fund is used to account for various grant and education enhancement programs as follows:

Truants Alternative/Optional Education – This fund is used to account for a grant that provides truancy guidance and alternative education options for applicable students within the region.

McKinney Education for Homeless Children – This program facilitates the enrollment, attendance and educational success of homeless children and youths so that they have an opportunity to meet the same challenging State standards to which all students are held.

The Hancock/McDonough Regional Office of Education receives the McKinney Homeless funds and then sends the Regional Office of Education No. 38 an approved budgeted portion of the grant to pay for a Homeless Coordinator.

General Education Development Fund - This fund is used to account for the administration of General Education Development testing for applicants within the region.

NOTES TO FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**d. Fund Accounting (Continued)**

The Institute Fund accounts for teacher registration fees. These fees are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Teacher Certification (Institute) Fund – This fund accounts for fees used for teacher in-service workshops or other items pertaining to the teachers in the region.

Investment Fund – This fund was established to account for the investments held by the Regional Office of Education No. 38. In fiscal year 2009 this fund was terminated and its balance was transferred into the Teacher Certification Fund.

The Institute Fund shares a bank account with the Bus Driver Fund.

The Regional Office of Education No. 38 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Supervisory Fund – This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Media Materials Fund – This fund is used to account for library and video materials that are available to all the districts in the region.

Bus Driver Fund – This fund is used to account for the testing and training of bus drivers for districts within the region.

Substitute Teacher Fingerprinting Fund – This fund is used to account for fingerprinting services for new substitute teachers in the region.



NOTES TO FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**d. Fund Accounting (Continued)**

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education No. 38 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Distributive Fund – This fund is used to track the flow-through of funds from the Illinois State Board of Education (ISBE) to the recipients and the programs that the Regional Office of Education No. 38 serves as the administrative agent.

Interest on Distributive Fund - The Regional Office of Education No. 38 has agreements with all districts in the region whereby the Regional Office of Education No. 38 is allowed to keep the interest for expenditures benefiting all districts.

**e. Fund Balances and Net Assets**

The Statement of Net Assets includes the following:

Investment in Capital Assets, net of related debt – the component of net assets that reports the difference between capital assets less both accumulated depreciation and the outstanding balance of debt, excluding unexpected proceeds, that is directly attributable to the acquisition, construction or improvement of these assets.

Restricted – represents resources in which the ROE is legally obligated to spend in accordance with restrictions imposed by enabling legislation.

Unrestricted – represents resources used for transactions relating to the general operating of the ROE and may be used at the discretion of management to meet expenses for any purpose.

**f. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit. The Regional Office of Education No. 38 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**g. Inventory**

Inventory is not recorded. The cost is recorded as expenditure at the time individual inventory items are purchased.

**h. Capital Assets**

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Office equipment furniture	8 – 15 years
Computer equipment	5 – 8 years
Leasehold Improvements	15 – 25 years

**i. Compensated Absences**

Employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 240 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore, no liability is accrued.

**j. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**2. Summary of Significant Accounting Policies (Continued)**

**k. Budget Information**

The Regional Office of Education No. 38 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the budgets have been legally adopted, nor are they required to be. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget Information has been provided in supplementary schedules for the Operating Fund, Truants Alternative/Optional Education Fund and McKinney Education for Homeless Children.

**3. Deposits and Investments**

a. Deposits

Effective for the year ending June 30, 2005, the Regional Office of Education No. 38 adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, which adds, modifies, and eliminates certain risk disclosures related to deposits and investments. There was no significant impact on the Regional Office of Education No. 38's financial statements as a result of adopting this statement.

The Regional Office of Education No. 38 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

Deposits are subject to custodial credit risk if uninsured and uncollateralized or covered by collateral that is not in the Regional Office of Education No. 38's name. It is the Regional Office of Education No. 38's policy to require collateral for deposit balances above FDIC Insurance coverage. At June 30, 2009, the carrying amount and bank balance of the Regional Office of Education No. 38's Governmental Fund deposits was \$123,848 and \$137,992, respectively. The Agency Fund carrying amount and bank balance was \$34,479 and \$34,479 at June 30, 2009, respectively. The entire bank balance of the Governmental Funds deposits and the Agency Funds deposits was covered by FDIC at June 30, 2009. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

b. Investments

The Regional Office of Education No. 38 does not have a formal investment policy. As of June 30, 2009, the Regional Office of Education No. 38 did not have investments.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**4. Due to Other Government Agencies**

The Regional Office of Education No. 38's Distributive Fund has funds due to other government agencies which consist of the following:

Accumulated Interest Payable	<u>\$ 34,479</u>
------------------------------	------------------

**5. Due from Other Government Agencies**

The Regional Office of Education No. 38's Operating, Education and Institute Funds have funds due from other government agencies which consisted of the following:

Due from other government agencies

General Fund (Operating)	<u>\$ 17</u>
Education Fund	<u>\$ 25,776</u>
Institute Fund	<u>\$ 68</u>

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**6. Capital Assets**

In accordance with GASB Statement No. 34, the Regional Office of Education No. 38 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2009:

	<u>Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Net</u>		<u>Balance</u>
	<u>July 1, 2008</u>						<u>transfers</u>		<u>June 30, 2009</u>
Governmental activities:									
<u>General Fund</u>									
ROE Operations	\$ 29,250	\$	-	\$	-	\$	-	\$	29,250
<u>Institute Fund</u>									
Teacher Certificate	-		2,254		-		-		2,254
<u>GED Fund</u>									
GED	-		1,065		-		-		1,065
<u>Education Fund</u>									
Truants Alternative/ Optional Education	24,866		760		-		-		25,626
<u>Governmental Funds</u>									
Total Assets	\$ 54,116	\$	4,079	\$	-	\$	-	\$	58,195

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2009 of \$6,002 was charged to governmental activities. The following table provides a summary of changes in accumulated depreciation for the year ended June 30, 2009:

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**6. Capital Assets (Continued)**

	<u>Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Net</u>		<u>Balance</u>
	<u>July 1, 2008</u>						<u>transfers</u>		<u>June 30, 2009</u>
Governmental activities:									
<u>General Fund</u>									
ROE Operations	\$ 25,906	\$	3,344	\$	-	\$	-	\$	29,250
<u>Institute Fund</u>									
Teacher Certificate	-		258		-		-		258
<u>GED Fund</u>									
GED	-		44		-		-		44
<u>Education Fund</u>									
Truants Alternative/ Optional Education	<u>19,216</u>		<u>2,356</u>		<u>-</u>		<u>-</u>		<u>21,572</u>
<u>Governmental Funds</u>									
Total Accumulated Depreciation	<u>\$ 45,122</u>	\$	<u>6,002</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>51,124</u>

Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation. The following table provides a summary of changes in investment in capital assets for the year ended June 30, 2009:

NOTES TO FINANCIAL STATEMENTS  
(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**6. Capital Assets (Continued)**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Prior Period</u> <u>Adjustment</u> <u>(Note 11)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net</u> <u>transfers</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental activities:						
<u>General Fund</u>						
ROE Operations	\$ 3,344	\$ -	\$ -	\$ (3,344)	\$ -	\$ -
<u>Institute Fund</u>						
Teacher Certificate	-	-	2,254	(258)	-	1,996
<u>GED Fund</u>						
GED	-	-	1,065	(44)	-	1,021
<u>Education Fund</u>						
Truants Alternative/ Optional Education	<u>4,484</u>	<u>1,166</u>	<u>760</u>	<u>(2,356)</u>	<u>-</u>	<u>4,054</u>
<u>Governmental Funds</u>						
Investment in Capital Assets	<u>\$ 7,828</u>	<u>\$ 1,166</u>	<u>\$ 4,079</u>	<u>\$ (6,002)</u>	<u>\$ -</u>	<u>\$ 7,071</u>

**7. Pension Plan**

Plan Description. The Regional Office of Education No. 38's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 38 employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF) an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

Funding Policy. As set by statute, the Regional Office of Education No. 38 regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 8.65 percent of annual covered payroll. The Regional Office of Education No. 38 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTES TO FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**7. Pension Plan (Continued)**

Annual Pension Cost. For 2008, the Regional Office of Education No. 38’s annual pension cost of \$14,847 for the regular plan was equal to the Regional Office of Education No. 38’s required and actual contributions.

Three Year Trend Information for Regular Plan

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/08	14,847	100%	\$0
12/31/07	18,375	100%	0
12/31/06	11,068	100%	0

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education No. 38 plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education No. 38 regular plan’s overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 5 years.

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 79.25 percent funded. The actuarial accrued liability for benefits was \$605,656 and the actuarial value of assets was \$479,994, resulting in an underfunded actuarial accrued liability (UAAL) of \$125,662. The covered payroll (annual payroll of active employees covered by the plan) was \$171,642 and the ratio of the UAAL to the covered payroll was 73 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**8. Risk Management**

The Regional Office of Education No. 38 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. No losses have been incurred in excess of the amounts covered by insurance over the past three years.



NOTES TO FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED JUNE 30, 2009

**9. On Behalf Payments**

The State of Illinois paid the following salaries on behalf of the Regional Office of Education No. 38:

Regional Superintendent	\$	96,435
Regional Superintendent fringe benefits (including State paid insurance)		11,439
Assistant Regional Superintendent		86,791
Assistant Regional Superintendent fringe benefits (including State paid insurance)		<u>10,815</u>
 Total	 \$	 <u>205,480</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

**10. Transfers.**

The following is a summary of transfers in and out for the year ended June 30, 2009:

Fund	Transfer In	Transfer Out
Institute Fund		
Teacher Certificate	\$ 39,115	\$ -
Investment Fund	<u>-</u>	<u>39,115</u>
	<u>\$ 39,115</u>	<u>\$ 39,115</u>

**11. Prior Period Adjustment.**

In fiscal year 2008 the Regional Office of Education No. 38 purchased 2 computers for \$1,166. They were categorized as supplies and materials. These purchases should have been reported as capital outlay items and capitalized. We discovered the error in fiscal year 2009 and made adjustments to the Agency's records as appropriate.

**Required Supplementary Information**  
**(Other than Management's Discussion and Analysis)**

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

JUNE 30, 2009

REQUIRED SUPPLEMENTARY INFORMATION

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2008	\$ 479,994	\$ 605,656	\$ 125,662	79.25	\$ 171,642	73.21%
12/31/2007	664,253	647,265	(16,988)	102.62	155,849	0.00%
12/31/2006	571,126	576,750	5,624	99.02	160,403	3.51%

**Supplementary Information**

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING SCHEDULE OF ACCOUNTS

GENERAL FUND

JUNE 30, 2009

	<u>Operating fund</u>	<u>Indirect cost fund</u>	<u>Land Transfer Fund</u>	<u>Total</u>
Assets:				
Cash	\$ 40,739	\$ 5,676	\$ 30	\$ 46,445
Due from other government agencies	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
Total assets	<u>\$ 40,756</u>	<u>\$ 5,676</u>	<u>\$ 30</u>	<u>\$ 46,462</u>
Liabilities and fund balance:				
Liabilities:				
Due to other government agencies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, unreserved and undesignated	<u>\$ 40,756</u>	<u>\$ 5,676</u>	<u>\$ 30</u>	<u>\$ 46,462</u>
Total liabilities and fund balance	<u>\$ 40,756</u>	<u>\$ 5,676</u>	<u>\$ 30</u>	<u>\$ 46,462</u>

## LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

GENERAL FUND ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2009

	Operating fund	Indirect cost fund	Land Transfer Fund	Total
Revenue:				
Local sources	\$ 119,269	\$ 8,854	\$ -	\$ 128,123
On-behalf payments - State	205,480	-	-	205,480
Total revenues	<u>\$ 324,749</u>	<u>\$ 8,854</u>	<u>\$ -</u>	<u>\$ 333,603</u>
Expenditures:				
Salaries	\$ 86,738	\$ 6,900	\$ -	\$ 93,638
Employee benefits	12,886	528	-	13,414
Purchased services	9,768	48	-	9,816
Supplies and materials	2,711	-	-	2,711
Other objects	1,583	-	-	1,583
Administrative:				
On behalf payments - State	205,480	-	-	205,480
Total expenditures	<u>\$ 319,166</u>	<u>\$ 7,476</u>	<u>\$ -</u>	<u>\$ 326,642</u>
Excess of revenues over expenditures	<u>\$ 5,583</u>	<u>\$ 1,378</u>	<u>\$ -</u>	<u>\$ 6,961</u>
Other financing sources/(uses):				
Interest	\$ 153	\$ -	\$ -	\$ 153
Total other financing sources/(uses)	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153</u>
Net changes in fund balances	\$ 5,736	\$ 1,378	\$ -	\$ 7,114
Fund balances - July 1, 2008	35,020	4,298	30	39,348
Fund balances - June 30, 2009	<u>\$ 40,756</u>	<u>\$ 5,676</u>	<u>\$ 30</u>	<u>\$ 46,462</u>

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38BUDGETARY COMPARISON SCHEDULEGENERAL FUND ACCOUNTS - OPERATING FUNDFOR THE YEAR ENDED JUNE 30, 2009

	Budgeted amounts		Actual amounts
	Original	Final	
Revenue:			
Local sources	\$ 121,086	\$ 121,086	\$ 119,269
On-behalf payments - State	-	-	205,480
Total revenues	<u>\$ 121,086</u>	<u>\$ 121,086</u>	<u>\$ 324,749</u>
Expenditures:			
Salaries	\$ 87,559	\$ 87,559	\$ 86,738
Employee benefits	14,277	14,277	12,886
Purchased services	14,200	14,200	9,768
Supplies and materials	3,750	3,750	2,711
Other objects	1,300	1,300	1,583
Administrative:			
On-behalf payments - State	-	-	205,480
Total expenditures	<u>\$ 121,086</u>	<u>\$ 121,086</u>	<u>\$ 319,166</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,583</u>
Other financing sources/(uses):			
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153</u>
Total other financing sources/(uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153</u>
Net changes in fund balances	\$ -	\$ -	\$ 5,736
Fund balances - July 1, 2008	-	-	35,020
Fund balances - June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,756</u>

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38COMBINING SCHEDULE OF ACCOUNTSEDUCATION FUNDJUNE 30, 2009

	Truants Alternative/ Optional Education	McKinney Education for Homeless Children	Total
Assets:			
Cash	\$ -	\$ 139	\$ 139
Due from other government agencies	25,776	-	25,776
Total assets	<u>\$ 25,776</u>	<u>\$ 139</u>	<u>\$ 25,915</u>
Liabilities:			
Excess of outstanding checks over bank balance	\$ 24,930	\$ -	\$ 24,930
Total Liabilities	\$ 24,930	\$ -	\$ 24,930
Liabilities and fund balance:			
Fund balance, unreserved	846	139	985
Total liabilities and fund balance	<u>\$ 25,776</u>	<u>\$ 139</u>	<u>\$ 25,915</u>



LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCESEDUCATION FUND ACCOUNTSFOR THE YEAR ENDED JUNE 30, 2009

	Truants Alternative/ Optional Education	McKinney Education for Homeless Children	Total
Revenue:			
Federal sources	\$ -	\$ 11,190	\$ 11,190
State sources	85,916	-	85,916
Total revenues	<u>\$ 85,916</u>	<u>\$ 11,190</u>	<u>\$ 97,106</u>
Expenditures			
Salaries	\$ 62,450	\$ 8,100	\$ 70,550
Employee benefits	9,107	1,166	10,273
Purchased services	9,902	969	10,871
Supplies and materials	3,701	1,055	4,756
Capital outlay	760	-	760
Prior year refund	122	-	122
Total expenditures	<u>\$ 86,042</u>	<u>\$ 11,290</u>	<u>\$ 97,332</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (126)</u>	<u>\$ (100)</u>	<u>\$ (226)</u>
Other financing sources/(uses):			
Interest	\$ (48)	\$ -	\$ (48)
Total other financing sources/(uses)	<u>\$ (48)</u>	<u>\$ -</u>	<u>\$ (48)</u>
Net changes in fund balances	\$ (174)	\$ (100)	\$ (274)
Fund balances - July 1, 2008	<u>1,020</u>	<u>239</u>	<u>1,259</u>
Fund balances - June 30, 2009	<u>\$ 846</u>	<u>\$ 139</u>	<u>\$ 985</u>

## LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

BUDGETARY COMPARISON SCHEDULEEDUCATION FUND ACCOUNTS - TRUANTS ALTERNATIVE/OPTIONAL EDUCATIONFOR THE YEAR ENDED JUNE 30, 2009

	Budgeted amounts		Actual amounts
	Original	Final	
Revenue:			
State sources	\$ 85,916	\$ 85,916	\$ 85,916
Total revenues	\$ 85,916	\$ 85,916	\$ 85,916
Expenditures:			
Salaries	\$ 62,450	\$ 62,450	\$ 62,450
Employee benefits	10,875	9,179	9,107
Purchased services	10,890	9,631	9,902
Supplies and materials	1,701	4,656	3,701
Capital outlay	-	-	760
Prior year refund	-	-	122
Total expenditures	\$ 85,916	\$ 85,916	\$ 86,042
Excess/(deficiency) of revenues over/(under) expenditures	\$ -	\$ -	\$ (126)
Other financing sources/(uses):			
Interest	\$ -	\$ -	\$ (48)
Total other financing sources/(uses)	\$ -	\$ -	\$ (48)
Net changes in fund balances	\$ -	\$ -	\$ (174)
Fund balances - July 1, 2008	-	-	1,020
Fund balances - June 30, 2009	\$ -	\$ -	\$ 846

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38BUDGETARY COMPARISON SCHEDULEEDUCATION FUND ACCOUNTS - MCKINNEY EDUCATION FOR HOMELESS CHILDRENFOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted amounts</u>		<u>Actual amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenue:			
Federal sources	<u>\$ 11,290</u>	<u>\$ 11,290</u>	<u>\$ 11,190</u>
Total revenues	<u>\$ 11,290</u>	<u>\$ 11,290</u>	<u>\$ 11,190</u>
Expenditures:			
Salaries	\$ 8,100	\$ 8,100	\$ 8,100
Employee benefits	1,422	1,167	1,166
Purchased services	1,718	969	969
Supplies and materials	<u>50</u>	<u>1,054</u>	<u>1,055</u>
Total expenditures	<u>\$ 11,290</u>	<u>\$ 11,290</u>	<u>\$ 11,290</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100)</u>
Net changes in fund balances	\$ -	\$ -	\$ (100)
Fund balances - July 1, 2008	<u>-</u>	<u>-</u>	<u>239</u>
Fund balances - June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 139</u></u>

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING SCHEDULE OF ACCOUNTS

INSTITUTE FUND

JUNE 30, 2009

	<u>Teacher Certificate</u>	<u>Investment Fund</u>	<u>Total</u>
Assets:			
Cash	\$ 55,170	\$ -	\$ 55,170
Due from other government agencies	68	-	68
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 55,238</u>	<u>\$ -</u>	<u>\$ 55,238</u>
	<hr/>	<hr/>	<hr/>
Fund balance	<u>\$ 55,238</u>	<u>\$ -</u>	<u>\$ 55,238</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 55,238</u>	<u>\$ -</u>	<u>\$ 55,238</u>

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCESINSTITUTE FUND ACCOUNTSFOR THE YEAR ENDED JUNE 30, 2009

	Teacher Certificate	Investment Fund	Total
Revenue:			
Local sources	\$ 4,926	\$ -	\$ 4,926
Total revenues	<u>\$ 4,926</u>	<u>\$ -</u>	<u>\$ 4,926</u>
Expenditures:			
Purchased services	\$ 12,898	\$ -	\$ 12,898
Supplies and materials	314		314
Capital outlay	2,254	-	2,254
Total expenditures	<u>\$ 15,466</u>	<u>\$ -</u>	<u>\$ 15,466</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (10,540)</u>	<u>\$ -</u>	<u>\$ (10,540)</u>
Other financing sources/(uses):			
Transfers in	\$ 39,115	\$ -	\$ 39,115
Transfers out	-	(39,115)	(39,115)
Interest	1,255	520	1,775
Total other financing sources/(uses)	<u>\$ 40,370</u>	<u>\$ (38,595)</u>	<u>\$ 1,775</u>
Net changes in fund balances	\$ 29,830	\$ (38,595)	\$ (8,765)
Fund balances - July 1, 2008	<u>25,408</u>	<u>38,595</u>	<u>64,003</u>
Fund balances - June 30, 2009	<u><u>\$ 55,238</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 55,238</u></u>

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38COMBINING BALANCE SHEETNONMAJOR SPECIAL REVENUE FUNDSJUNE 30, 2009

	<u>Supervisory fund</u>	<u>Media materials fund</u>	<u>Bus driver fund</u>	<u>Substitute teacher fingerprinting</u>	<u>Total</u>
Assets:					
Cash	<u>\$ 5,266</u>	<u>\$ 10,309</u>	<u>\$ 1,640</u>	<u>\$ 591</u>	<u>\$ 17,806</u>
Total assets	<u><u>\$ 5,266</u></u>	<u><u>\$ 10,309</u></u>	<u><u>\$ 1,640</u></u>	<u><u>\$ 591</u></u>	<u><u>\$ 17,806</u></u>
Liabilities and fund balance:					
Fund balance, unreserved	<u>\$ 5,266</u>	<u>\$ 10,309</u>	<u>\$ 1,640</u>	<u>\$ 591</u>	<u>\$ 17,806</u>
Total liabilities and fund balance	<u><u>\$ 5,266</u></u>	<u><u>\$ 10,309</u></u>	<u><u>\$ 1,640</u></u>	<u><u>\$ 591</u></u>	<u><u>\$ 17,806</u></u>

## LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCESNONMAJOR SPECIAL REVENUE FUNDSFOR THE YEAR ENDED JUNE 30, 2009

	<u>Supervisory fund</u>	<u>Media materials fund</u>	<u>Bus driver fund</u>	<u>Substitute teacher fingerprinting</u>	<u>Total</u>
Revenue:					
State sources	\$ 3,000	\$ -	\$ 854	\$ -	\$ 3,854
Local sources	-	-	976	44	1,020
Total revenues	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 1,830</u>	<u>\$ 44</u>	<u>\$ 4,874</u>
Expenditures:					
Purchased services	\$ 150	\$ -	\$ 1,684	\$ -	\$ 1,834
Supplies and materials	-	334	-	-	334
Other objects	2,232	-	-	3,997	6,229
Total expenditures	<u>\$ 2,382</u>	<u>\$ 334</u>	<u>\$ 1,684</u>	<u>\$ 3,997</u>	<u>\$ 8,397</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ 618</u>	<u>\$ (334)</u>	<u>\$ 146</u>	<u>\$ (3,953)</u>	<u>\$ (3,523)</u>
Other financing sources/(uses):					
Interest	27	189	-	-	216
Total other financing sources/(uses)	<u>\$ 27</u>	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216</u>
Net changes in fund balances	\$ 645	\$ (145)	\$ 146	\$ (3,953)	\$ (3,307)
Fund balances - July 1, 2008	<u>4,621</u>	<u>10,454</u>	<u>1,494</u>	<u>4,544</u>	<u>21,113</u>
Fund balances - June 30, 2009	<u><u>\$ 5,266</u></u>	<u><u>\$ 10,309</u></u>	<u><u>\$ 1,640</u></u>	<u><u>\$ 591</u></u>	<u><u>\$ 17,806</u></u>

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

JUNE 30, 2009

	<u>Distributive fund</u>	<u>Total</u>
Assets:		
Cash	<u>\$ 34,479</u>	<u>\$ 34,479</u>
Total assets	<u>\$ 34,479</u>	<u>\$ 34,479</u>
Liabilities:		
Due to other government agencies	<u>\$ 34,479</u>	<u>\$ 34,479</u>
Total liabilities	<u>\$ 34,479</u>	<u>\$ 34,479</u>



## LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIESAGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Distributive fund:				
Assets:				
Cash	\$ 1,823	\$ 677,153	\$ 644,497	\$ 34,479
Total assets	<u>\$ 1,823</u>	<u>\$ 677,153</u>	<u>\$ 644,497</u>	<u>\$ 34,479</u>
Liabilities:				
Due to other government agencies	\$ 1,823	\$ 677,153	\$ 644,497	\$ 34,479
Total liabilities	<u>\$ 1,823</u>	<u>\$ 677,153</u>	<u>\$ 644,497</u>	<u>\$ 34,479</u>
Total all agency funds:				
Assets:				
Cash	\$ 1,823	\$ 677,153	\$ 644,497	\$ 34,479
Total assets	<u>\$ 1,823</u>	<u>\$ 677,153</u>	<u>\$ 644,497</u>	<u>\$ 34,479</u>
Liabilities:				
Due to other government agencies	\$ 1,823	\$ 677,153	\$ 644,497	\$ 34,479
Total liabilities	<u>\$ 1,823</u>	<u>\$ 677,153</u>	<u>\$ 644,497</u>	<u>\$ 34,479</u>

LOGAN/MASON/MENARD COUNTIES - REGIONAL OFFICE OF EDUCATION NO. 38SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHERSDISTRIBUTIVE FUNDFOR THE YEAR ENDED JUNE 30, 2009

	Regional Superintendent of Schools	Regional Vocational Delivery System	Salt Creek Academy	Total
General State Aid	\$ -	\$ -	\$ 158,152	\$ 158,152
Rural Education Achievement Program (REAP)	-	-	19,635	19,635
V.E. - Perkins - Title 11c - Secondary	-	73,691	-	73,691
Agriculture Education	-	23,756	-	23,756
Career and Technical Ed Improvement (CTEI)	-	245,209	-	245,209
Truants Alternative/Optional Education	60,140	-	-	60,140
Regional Safe Schools	-	-	60,060	60,060
Supervisory Expense	3,000	-	-	3,000
ROE School Bus Driver Training	854	-	-	854
Reorganization Incentive - Feasability Study	-	-	-	-
Totals	\$ 63,994	\$ 342,656	\$ 237,847	\$ 644,497