

**STATE OF ILLINOIS
MADISON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 41**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2010**

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

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**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Robert A. Daiber

Assistant Regional Superintendent
(current and during the audit period)

Mr. Andrew Reinking

Office is located at:

157 N. Main Street, Ste 438
Edwardsville, Illinois 62025-1966

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
COMPLIANCE REPORT SUMMARY**

The compliance 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 on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	2
Repeated audit findings	–	1
Prior recommendations implemented or not repeated	2	2

Details of audit findings are presented in a separate section of this report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
10-1	12	Improper Accounting of Interfund Transactions	Significant Deficiency
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
	14	None	N/A
<i>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
09-1	16	Payroll Costs Not Properly Allocated	N/A
09-2	16	Excess Grant Funds and Interest Income	N/A
<i>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</i>			
09-1	16	Payroll Costs Not Properly Allocated	N/A
09-2	16	Excess Grant Funds and Interest Income	N/A

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
COMPLIANCE REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The finding and recommendation appearing in this report was discussed with Agency personnel at an exit conference on February 8, 2011. Attending were:

Madison County Regional Office of Education No. 41

Dr. Robert Daiber, Regional Superintendent
Dennis Brueggemann, Director of Finance
Wanda Stoecklin, Bookkeeper
Jennifer Zoelzer, Chief Deputy, Madison County Auditor's Office
Dana Kunz, Madison County Internal Auditor

E. C. Ortiz & Co., LLP

Leilani N. Rodrigo, Partner
Regina Y. Falcon, Senior

The response to the recommendation was provided by Dr. Robert Daiber, Regional Superintendent in a letter dated February 24, 2011.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Madison County Regional Office of Education No. 41 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Madison County Regional Office of Education No. 41's basic financial statements.



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, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2010, which collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Madison County Regional Office of Education No. 41'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, 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 April 7, 2011 on our consideration of the Madison County Regional Office of Education No. 41'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, the Other Postemployment Benefits - Schedule of Funding Progress, and the Other Postemployment Benefits Plan - Schedule of Employer Contributions on pages 17 through 24 and 59 are not a required part of the basic financial statements but are 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 Madison County Regional Office of Education No. 41's basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards 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.

C. C. G. J. & Co. LLP
Chicago, Illinois
April 7, 2011



**INDEPENDENT AUDITORS' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2010, which collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements and have issued our report thereon dated April 7, 2011. 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 Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified

a certain deficiency in internal control over financial reporting, described in finding 10-1 in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madison County Regional Office of Education No. 41'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*.

The Regional Office of Education No. 41's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Regional Office of Education No. 41's response and, accordingly, we express no opinion on it.

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 entity, 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.

C. C. Gliz & Co. LLP
Chicago, Illinois
April 7, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the Madison County Regional Office of Education No. 41's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Madison County Regional Office of Education No. 41's major federal programs for the year ended June 30, 2010. The Madison County Regional Office of Education No. 41's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Madison County Regional Office of Education No. 41's management. Our responsibility is to express an opinion on the Madison County Regional Office of Education No. 41's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Madison County Regional Office of Education No. 41's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Madison County Regional Office of Education No. 41's compliance with those requirements.

In our opinion, the Madison County Regional Office of Education No. 41 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Madison County Regional Office of Education No. 41 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Madison County Regional Office of Education No. 41's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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 entity, 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.

C. C. Glynn & Co. LLP
Chicago, Illinois
April 7, 2011

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part I: Summary of the Auditors' 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
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes ✓ None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes ✓ No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I - Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B Programs: \$300,000

Auditee qualified as low-risk auditee? ✓ Yes No

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Financial Statement Findings

FINDING NO. 10-1 - Improper Accounting of Interfund Transactions

Criteria/Specific Requirement:

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments defines interfund transactions as activities that take place between and among funds of the same reporting entity, which include loans, services provided and used, transfers, and reimbursements. A fund may incur interfund reimbursements or allocations of expenditures that will subsequently be reimbursed by another fund. Reimbursements should not be reported in the governmental entity's financial statements as revenues of the fund receiving the reimbursement. Instead, a reduction in the expenditure should be recorded in the fund that is being reimbursed in order to avoid "double counting" of revenue and expenditure items.

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1) and (2) requires that each Regional Office of Education (ROE) maintain the accounting records necessary to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). In addition, the Illinois Program Accounting Manual (IPAM) provides guidance to ensure that complete and accurate financial information is recorded and used as a basis in preparing the ROE's financial statements.

Condition:

Madison County Regional Office of Education No. 41 (ROE No. 41) did not properly record interfund transactions and, as a result, did not properly apply the appropriate generally accepted accounting principles (GAAP). Interfund reimbursements (\$73,991) covering personnel costs that are allocated among funds and charges for supplies and administrative costs (\$33,394) initially paid by the general operating fund were recorded as revenue of the operating fund instead of a reduction in the applicable expenditure account.

Upon the auditors' notification, the ROE No. 41 subsequently revised the financial statements to properly record interfund transactions and to present the financial statements in accordance with GAAP.

Effect:

Failure to properly account for interfund transactions may result in inaccurate and incomplete financial statements.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Financial Statement Findings (Continued)

FINDING NO. 10-1 - Improper Accounting of Interfund Transactions (Continued)

Cause:

The ROE No. 41's management recorded interfund reimbursements as revenue of the operating fund because they generally use the operating fund to pay for certain administrative costs which are allocated to the other funds.

Auditors' Recommendation:

We recommend the ROE No. 41 record interfund reimbursements as a reduction in the applicable expenditure accounts. The ROE No. 41 should also establish procedures to ensure that transactions are properly accounted for and reported in accordance with GAAP, the Illinois Administrative Code and the ROE Accounting Manual. If necessary, accounting and reporting guidance should be obtained from technical resources to be in conformity with GAAP.

Management's Response:

ROE No. 41 will establish management procedures in accordance with GAAP, the Illinois Administrative Code, and the ROE Accounting Manual to properly record interfund transfers for administrative expenditures. ROE No. 41 will seek guidance from technical resources to ensure accounting practices are in conformity to GAAP.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part III. Federal Award Findings

Instances of Noncompliance:

None

Significant Deficiency:

None

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

FINDING NO. 10-1 - Improper Accounting of Interfund Transactions

Condition:

Madison County Regional Office of Education No. 41 (ROE No. 41) did not properly record interfund transactions and, as a result, did not properly apply the appropriate generally accepted accounting principles (GAAP). Interfund reimbursements (\$73,991) covering personnel costs that are allocated among funds and charges for supplies and administrative costs (\$33,394) initially paid by the general operating fund were recorded as revenue of the operating fund instead of a reduction in the applicable expenditure account.

Upon the auditors' notification, the ROE No. 41 subsequently revised the financial statements to properly record interfund transactions and to present the financial statements in accordance with GAAP.

Plan:

ROE No. 41 will establish management procedures in accordance with GAAP, the Illinois Administrative Code, and the ROE Accounting Manual to properly record interfund transfers for administrative expenditures. As part of this plan, ROE 41 will create an enterprise fund to process administrative expenditures. ROE No. 41 will seek guidance from technical resources to ensure accounting standards and practices are in conformity to GAAP.

Anticipated Date of Completion:

February 28, 2011

Name of Contact Person:

Dr. Robert Daiber, Regional Superintendent, Madison County ROE No. 41

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

Finding No.	Condition	Current Status
09-1	Payroll Costs Not Properly Allocated	Not Repeated
09-2	Excess Grant Funds and Interest Income	Not Repeated

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

As management of Madison County Regional Office of Education No. 41 (ROE No. 41), we offer readers a review of our financial statements and an analysis of the financial activities of the ROE No. 41 for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with ROE No. 41's financial statements, which follow this section.

2010 Financial Highlights

- The assets of the ROE No. 41 exceeded its liabilities by \$2,370,981 (total net assets). The total net assets increased by \$156,882 or 7.1%.
- Operating grant monies received by the ROE No. 41 decreased by \$586,639 in 2010. General State Aid (GSA) funding remained stable. Funding decreased for Title I Reading First Part B SEA, Title III ELL, Gifted Education, and Truants Alternative Program. The Math & Science Partnership grant ended in 2009, while the Governor initiative funds were eliminated.
- Charges for services for the governmental activities increased by \$191,497 from FY2009; whereas business-type activities revenues increased by \$112,220. These changes resulted from higher enrollment at the schools operated by ROE No. 41 as well as from the increase in workshops and technology trainings conducted during FY 2010. As in FY 2009, some of the State revenues were supplanted by federal revenues when ARRA funds were used to fund GSA payments.
- Total expenses for ROE No. 41 decreased by \$347,460 due to the reduced spending levels for most of the State funded programs.

Overview of the Financial Statement

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 41'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 ROE No. 41 as a whole and present an overall view of the ROE No. 41's finances.
- *Fund financial statements* illustrate how governmental services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the ROE No. 41'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.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

- *Required supplementary information* further explains and supports the financial statements, and other supplementary information includes combining financial statements and budgetary information for certain General Fund accounts, Education Fund accounts, Educational Therapy Center, and other non-major funds.

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements are designed to provide readers with a broad overview of ROE No. 41's finances, in a manner similar to private-sector businesses.

The Statement of Net Assets presents information on all of ROE No. 41's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of ROE No. 41 is improving or deteriorating.

The Statement of Activities presents information showing how ROE No. 41's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, ROE No. 41's activities are divided into two categories:

- *Governmental activities:* Most of ROE No. 41's basic services are included here, such as regular and special education instruction, instructional staff support services and administration. Federal, State, and local grants and contributions finance many of these activities.
- *Business-type activities:* ROE No. 41 charges fees to help cover the costs of certain services it provides, such as workshops, conferences and teacher certification.

Fund Financial Statements

The fund financial statements provide detailed information about ROE No. 41's funds, focusing on its most significant or "major" funds, not ROE No. 41 as a whole. Funds are accounting devices ROE No. 41 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. ROE No. 41 establishes other funds to control and manage money for particular purposes, such as educational instruction in specific areas or in order to show that it is properly using certain revenues, such as federal grants. All of the funds of ROE No. 41 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Governmental Funds. Governmental funds account for most of ROE No. 41's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By doing so, the readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds include all general and special revenue funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary Funds. ROE No. 41 maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. ROE No. 41 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Technology Hub and Workshop funds.

The proprietary funds required financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support ROE No. 41's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. ROE No. 41's net assets at the end of FY 2010 and FY 2009 totaled \$2,370,981 and \$2,214,099, respectively. The analysis that follows provides a summary of the ROE No. 41's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current assets	\$ 2,693,135	\$ 2,157,283	\$ 521,324	\$ 411,366	\$ 3,214,459	\$ 2,568,649
Capital assets, net of depreciation	153,233	238,475	12,496	15,943	165,729	254,418
TOTAL ASSETS	2,846,368	2,395,758	533,820	427,309	3,380,188	2,823,067
Current liabilities	864,428	560,148	45,742	9,583	910,170	569,731
Noncurrent liabilities	99,037	39,237	-	-	99,037	39,237
TOTAL LIABILITIES	963,465	599,385	45,742	9,583	1,009,207	608,968
NET ASSETS						
Invested in capital assets, net of related debt	153,233	238,475	12,496	15,943	165,729	254,418
Restricted for teacher professional development	254,706	233,176	-	-	254,706	233,176
Unrestricted	1,474,964	1,324,722	475,582	401,783	1,950,546	1,726,505
TOTAL NET ASSETS	\$ 1,882,903	\$ 1,796,373	\$ 488,078	\$ 417,726	\$ 2,370,981	\$ 2,214,099

For FY 2010, total assets comprised mostly of cash and receivables, increased by \$557,121 while total liabilities increased by \$400,239. Both increases were due in large part to the timing of grant receipts, increased activity in the Technology Hub, and the development of non-major grants.

As indicated above, ROE No. 41 reported positive net assets for both the governmental and business-type activities. The assets of ROE No. 41 exceeded its liabilities at the close of the year by \$2,370,981 (net assets). The investment in net capital assets was \$165,729 at the end of fiscal year 2010. ROE No. 41 uses these capital assets in providing services to its citizens, consequently, these assets are not available for future spending. In addition, net assets related to the Teacher Institute Fund are considered restricted for teachers' professional development.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Net assets of ROE No. 41 increased by \$156,882 during FY 2010. The net increase is a result of an increase in charges for services. Key elements of the change are as follows:

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,177,855	\$ 990,334	\$ 257,076	\$ 144,856	\$1,434,931	\$1,135,190
Operating grants and contributions	1,811,782	2,394,445	-	-	1,811,782	2,394,445
General revenues:						
State sources	-	8,109	-	-	-	8,109
Local sources	14,846	53,002	-	-	14,846	53,002
Interest income	22,930	26,200	7,221	7,633	30,151	33,833
On-behalf payments	1,160,653	1,140,042	-	-	1,160,653	1,140,042
Total revenues	<u>4,188,066</u>	<u>4,612,132</u>	<u>264,297</u>	<u>152,489</u>	<u>4,452,363</u>	<u>4,764,621</u>
Expenses:						
Salaries and benefits	2,186,860	2,355,564	87,785	28,990	2,274,645	2,384,554
Purchased services	430,264	769,078	93,275	90,462	523,539	859,540
Supplies and materials	106,278	112,693	8,680	18,359	114,958	131,052
Capital expenditures	34,091	12,689	-	-	34,091	12,689
Depreciation	97,591	90,710	4,205	3,649	101,796	94,359
Payments to other governments	77,267	9,240	-	2,500	77,267	11,740
Miscellaneous	8,532	8,724	-	241	8,532	8,965
On-behalf payments	1,160,653	1,140,042	-	-	1,160,653	1,140,042
Total expenses	<u>4,101,536</u>	<u>4,498,740</u>	<u>193,945</u>	<u>144,201</u>	<u>4,295,481</u>	<u>4,642,941</u>
Change in net assets	86,530	113,392	70,352	8,288	156,882	121,680
Net assets, beginning	<u>1,796,373</u>	<u>1,682,981</u>	<u>417,726</u>	<u>409,438</u>	<u>2,214,099</u>	<u>2,092,419</u>
Net assets, ending	<u>\$ 1,882,903</u>	<u>\$ 1,796,373</u>	<u>\$ 488,078</u>	<u>\$ 417,726</u>	<u>\$ 2,370,981</u>	<u>\$ 2,214,099</u>

Governmental Activities

Revenues for governmental activities decreased by \$424,066 or 9% in fiscal year 2010, mostly due to a decrease in operating grant revenues which amounted to \$582,663. Revenues were reduced for Title I - Reading First Part B SEA, Title III - English Language Learner, and Truants Alternative Program. Revenues from General State Aid remained stable. Charges for services increased by \$187,521 due to the increase in enrollment at the Educational Therapy Center (ETC) and an increase in the number of Technology Hub workshops.

Total expenditures decreased by \$397,204. The decrease in expenditures was due to a reduction in State funded grant expenditures.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Business-Type Activities

Revenues for this activity are comprised of charges for services. Expenses are for the purchase of services and the costs related to the workshops, conferences and academics conducted by the ROE No. 41. The increase in the revenues by \$111,808 is a result of an increase in the number of workshop participants. Expenditures increased by \$49,744 as the number of conferences and workshops increased.

Financial Analysis of the ROE No. 41 Funds

As previously noted, ROE No. 41 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund Highlights

The ROE No. 41's governmental funds reported combined fund balances of \$1,562,137. This is a decrease of \$34,998 from last year's ending fund balance of \$1,597,135. The change in governmental funds is largely attributable to the change in revenues and expenditures as discussed in Governmental Activities, and the difference of reporting capital assets, accrued absences and other post employment benefits.

Proprietary Fund Highlights

The business-type activities net assets increased by \$70,352 from \$417,726 at June 30, 2009 to \$488,078 at June 30, 2010. Most of this increase is attributable to the increase in the number of workshops presented. As the revenue increased due to the higher attendance at workshops, the corresponding expenses also increased.

Budgetary Highlights

Presenting an overall budget is not a legal requirement of ROE No. 41. Formal budgets are not adopted for all funds, therefore budgetary comparison statements are not included in the financial statements.

ROE No. 41 is a subrecipient for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Comparison of budgeted and actual results for various programs is presented as supplementary information.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Capital Assets

At June 30, 2010, the ROE No. 41 had invested \$165,729, net of accumulated depreciation, in computers, audio-visual equipment, and other office equipment. This is a net decrease of \$88,689 from last year. This decrease represents depreciation of \$101,796 and equipment additions of \$13,107.

More detailed information about capital assets is available in Note 3 to the financial statements.

Economic Factors and Next Years' Budget

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

- The ROE No. 41 has experienced an increase in the number of students being served by its school based programs. A slight increase in enrollment is expected at the Lighthouse Education Assistance Program and the Educational Therapy Center for the upcoming year based on enrollments from local school districts.
- The General State Aid entitlement for FY 2011 is lower than the one for FY 2010. The decrease is due to declining attendance over the past years. With stable Safe School enrollment, this trend may continue.
- The ROE No. 41 anticipates a decrease in revenue and corresponding expenditures in the Regional Safe School Program, the Truants Alternative Program, and the School Improvement Program. Further decreases in revenue will result from the loss of or reduction in other State grants. These decreases will be a result of a decrease in State funding due to the State of Illinois' financial condition.
- The ROE No. 41 is realizing a reduction in expenditures for FY 2011 due to the retirement of experienced employees at the end of FY 2010. There will be further employee retirements at the end of FY 2011.
- The ROE No. 41 anticipates a revenue increase in the Bus Driver Training Fund since the fee collected by the ROE increased by 50% on January 1, 2010. This is the first step of a three-step phased in increase.
- The ROE No. 41 also anticipates a stable revenue source in the GED Testing Fund since the fee collected by the ROE increased from \$35.00 to \$50.00 on July 1, 2009.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Contacting the Regional Office's Financial Management

The financial report is designed to provide the ROE No. 41's citizens, taxpayers, customers, and constituents with a general overview of the ROE No. 41's finances and to demonstrate the ROE No. 41's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrative Assistant of Finance of the Madison County Regional Office of Education, 157 N. Main Street, Suite 438, Edwardsville, IL 62025.

BASIC FINANCIAL STATEMENTS

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF NET ASSETS
JUNE 30, 2010**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,816,218	\$ 482,342	\$ 2,298,560
Investments	200,000	-	200,000
Due from other governments	676,917	38,982	715,899
Total current assets	2,693,135	521,324	3,214,459
Noncurrent assets:			
Capital assets, net	153,233	12,496	165,729
TOTAL ASSETS	2,846,368	533,820	3,380,188
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	720,534	45,742	766,276
Due to other governments	36,593	-	36,593
Deferred revenues	107,301	-	107,301
Total current liabilities	864,428	45,742	910,170
Noncurrent liabilities:			
Compensated absences	42,328	-	42,328
Net OPEB obligations	56,709	-	56,709
Total noncurrent liabilities	99,037	-	99,037
TOTAL LIABILITIES	963,465	45,742	1,009,207
NET ASSETS			
Invested in capital assets, net of related debt	153,233	12,496	165,729
Restricted for teacher professional development	254,706	-	254,706
Unrestricted	1,474,964	475,582	1,950,546
TOTAL NET ASSETS	\$ 1,882,903	\$ 488,078	\$ 2,370,981

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		
Governmental Activities				Business-Type Activities	Total	
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 1,812,906	\$ 763,756	\$ 1,146,783	\$ 97,633	\$ -	\$ 97,633
Benefits	373,954	132,349	196,739	(44,866)	-	(44,866)
Purchased services	430,264	181,265	304,744	55,745	-	55,745
Supplies and materials	106,278	44,774	78,801	17,297	-	17,297
Capital expenditures	34,091	19,565	35,311	20,785	-	20,785
Miscellaneous	8,532	3,594	4,917	(21)	-	(21)
Payments to other governments	77,267	32,552	44,487	(228)	-	(228)
Depreciation	97,591	-	-	(97,591)	-	(97,591)
Administrative						
On-behalf payments	1,160,653	-	-	(1,160,653)	-	(1,160,653)
Total governmental activities	4,101,536	1,177,855	1,811,782	(1,111,899)	-	(1,111,899)
Business-type activities:						
Professional development	193,945	257,076	-	-	63,131	63,131
Total business-type activities	193,945	257,076	-	-	63,131	63,131
Total primary government	\$ 4,295,481	\$ 1,434,931	\$ 1,811,782	(1,111,899)	63,131	(1,048,768)
General revenues:						
Local sources						
Miscellaneous				14,846	-	14,846
Interest				22,930	7,221	30,151
On-behalf payments				1,160,653	-	1,160,653
Total general revenues				1,198,429	7,221	1,205,650
Change in net assets				86,530	70,352	156,882
Net assets - beginning				1,796,373	417,726	2,214,099
Net assets - ending				\$ 1,882,903	\$ 488,078	\$ 2,370,981

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2010

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Lighthouse Educational Assistance Program</u>	<u>Institute Fund</u>	<u>Educational Therapy Center</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 28,166	\$ 668,231	\$ 484,743	\$ 155,186	\$ 390,390	\$ 89,502	\$ 1,816,218
Investments	-	100,000	-	100,000	-	-	200,000
Due from other funds	9,671	-	-	-	-	-	9,671
Due from other governments	244,532	380,659	16,205	-	35,491	30	676,917
TOTAL ASSETS	<u>282,369</u>	<u>1,148,890</u>	<u>500,948</u>	<u>255,186</u>	<u>425,881</u>	<u>89,532</u>	<u>2,702,806</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	239,470	371,642	55,809	-	52,147	1,466	720,534
Due to other funds	-	9,671	-	-	-	-	9,671
Due to other governments	-	961	-	480	29,041	6,111	36,593
Deferred revenues	119,823	201,314	-	-	3,809	48,925	373,871
Total liabilities	<u>359,293</u>	<u>583,588</u>	<u>55,809</u>	<u>480</u>	<u>84,997</u>	<u>56,502</u>	<u>1,140,669</u>
FUND BALANCES (DEFICIT)							
Unreserved, reported in:							
General fund	(76,924)	-	-	-	-	-	(76,924)
Special revenue funds	-	565,302	445,139	254,706	340,884	33,030	1,639,061
Total fund balances (deficit)	<u>(76,924)</u>	<u>565,302</u>	<u>445,139</u>	<u>254,706</u>	<u>340,884</u>	<u>33,030</u>	<u>1,562,137</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 282,369</u>	<u>\$ 1,148,890</u>	<u>\$ 500,948</u>	<u>\$ 255,186</u>	<u>\$ 425,881</u>	<u>\$ 89,532</u>	<u>\$ 2,702,806</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

EXHIBIT D

Total fund balances - governmental funds	\$ 1,562,137
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.	153,233
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	266,570
Long-term liabilities such as compensated absences are not due and payable in the current period and therefore, are not reported in the funds.	(42,328)
The OPEB obligation resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and therefore, are not reported in the funds.	<u>(56,709)</u>
Net assets of governmental activities	<u><u>\$ 1,882,903</u></u>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT E

	General Fund	Education Fund	Lighthouse Educational Assistance Program	Institute Fund	Educational Therapy Center	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES							
Federal sources	\$ -	\$ 487,359	\$ -	\$ -	\$ 24,693	\$ -	\$ 512,052
State sources	302,276	658,169	-	-	1,290	3,027	964,762
Local sources							
Intergovernmental	-	-	-	-	-	68,398	68,398
Tuition and fees for services	55,055	69,509	389,730	43,668	557,538	62,355	1,177,855
Miscellaneous	14,846	-	-	-	-	-	14,846
Interest	342	8,805	5,236	3,038	4,485	1,024	22,930
On-bchalf payments	1,068,985	28,237	33,003	-	30,428	-	1,160,653
Total revenues	<u>1,441,504</u>	<u>1,252,079</u>	<u>427,969</u>	<u>46,706</u>	<u>618,434</u>	<u>134,804</u>	<u>3,921,496</u>
EXPENDITURES							
Instructional services							
Salaries	256,073	866,044	304,703	-	330,760	55,326	1,812,906
Benefits	47,371	147,498	55,411	-	50,235	13,639	314,154
Purchased services	170,368	140,701	26,546	2,931	58,324	31,394	430,264
Supplies and materials	15,690	66,481	2,642	-	3,720	17,745	106,278
Payments to other governments	3,112	55,396	-	18,759	-	-	77,267
Miscellaneous	2,860	3,250	966	1,100	241	115	8,532
On-behalf payments	1,068,985	28,237	33,003	-	30,428	-	1,160,653
Capital expenditures	6,812	1,091	-	-	-	38,537	46,440
Total expenditures	<u>1,571,271</u>	<u>1,308,698</u>	<u>423,271</u>	<u>22,790</u>	<u>473,708</u>	<u>156,756</u>	<u>3,956,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(129,767)	(56,619)	4,698	23,916	144,726	(21,952)	(34,998)
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	-	(24,033)	-	-	-	24,033	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(129,767)	(80,652)	4,698	23,916	144,726	2,081	(34,998)
FUND BALANCES, BEGINNING OF YEAR	52,843	645,954	440,441	230,790	196,158	30,949	1,597,135
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (76,924)</u>	<u>\$ 565,302</u>	<u>\$ 445,139</u>	<u>\$ 254,706</u>	<u>\$ 340,884</u>	<u>\$ 33,030</u>	<u>\$ 1,562,137</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT F

Net change in fund balances		\$ (34,998)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 12,349	
Depreciation expense	<u>(97,591)</u>	(85,242)
<p>Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.</p>		
		266,570
<p>Certain expenses in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
		(3,091)
<p>The increase in the OPEB obligation resulting from annual required contributions in excess of actual contributions do not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.</p>		
		<u>(56,709)</u>
Change in net assets of governmental activities		<u>\$ 86,530</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2010**

EXHIBIT G

	Business-Type Activities - Enterprise Funds		
	Technology Hub Enterprise	Workshop	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 232,454	\$ 249,888	\$ 482,342
Due from other governments	33,522	5,460	38,982
Total current assets	<u>265,976</u>	<u>255,348</u>	<u>521,324</u>
Noncurrent assets:			
Capital assets, net	<u>11,759</u>	<u>737</u>	<u>12,496</u>
TOTAL ASSETS	<u>277,735</u>	<u>256,085</u>	<u>533,820</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>42,363</u>	<u>3,379</u>	<u>45,742</u>
NET ASSETS			
Invested in capital assets, net of related debt	11,759	737	12,496
Unrestricted	<u>223,613</u>	<u>251,969</u>	<u>475,582</u>
TOTAL NET ASSETS	<u>\$ 235,372</u>	<u>\$ 252,706</u>	<u>\$ 488,078</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 PROPRIETARY FUNDS**

EXHIBIT H

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds		
	Technology Hub		
	Enterprise	Workshop	Total
OPERATING REVENUES			
Charges for services	\$ 160,730	\$ 96,346	\$ 257,076
OPERATING EXPENSES			
Salaries	38,110	42,064	80,174
Benefits	3,935	3,676	7,611
Purchased services	56,501	36,774	93,275
Supplies and materials	6,512	2,168	8,680
Depreciation	4,184	21	4,205
Total operating expenses	<u>109,242</u>	<u>84,703</u>	<u>193,945</u>
OPERATING INCOME	51,488	11,643	63,131
NONOPERATING REVENUES			
Interest	<u>3,135</u>	<u>4,086</u>	<u>7,221</u>
CHANGE IN NET ASSETS	54,623	15,729	70,352
NET ASSETS, BEGINNING OF YEAR	<u>180,749</u>	<u>236,977</u>	<u>417,726</u>
NET ASSETS, END OF YEAR	<u>\$ 235,372</u>	<u>\$ 252,706</u>	<u>\$ 488,078</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT I

	Business-Type Activities - Enterprise Funds		
	Technology Hub		
	Enterprise	Workshop	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for workshops and services	\$ 133,208	\$ 90,886	\$ 224,094
Payments to suppliers and providers of goods and services	(28,150)	(37,646)	(65,796)
Payments to employees	(42,045)	(45,740)	(87,785)
Net cash provided by operating activities	<u>63,013</u>	<u>7,500</u>	<u>70,513</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITY:			
Purchase of equipment	-	(758)	(758)
Net cash used in capital financing activity	<u>-</u>	<u>(758)</u>	<u>(758)</u>
CASH FLOWS FROM INVESTING ACTIVITY:			
Interest	3,135	4,086	7,221
Net cash provided by investing activity	<u>3,135</u>	<u>4,086</u>	<u>7,221</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,148	10,828	76,976
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>166,306</u>	<u>239,060</u>	<u>405,366</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 232,454</u>	<u>\$ 249,888</u>	<u>\$ 482,342</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 51,488	\$ 11,643	\$ 63,131
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,184	21	4,205
Effects of changes in assets and liabilities:			
Accounts receivable	6,000	-	6,000
Due from other governments	(33,522)	(5,460)	(38,982)
Accounts payable and accrued expenses	34,863	1,296	36,159
Net cash provided by operating activities	<u>\$ 63,013</u>	<u>\$ 7,500</u>	<u>\$ 70,513</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

EXHIBIT J

ASSETS

Cash and cash equivalents	\$ 3,347
Accounts receivable	645
Due from other governments	<u>1,403</u>
TOTAL ASSETS	<u><u>5,395</u></u>

LIABILITIES

Accounts payable and accrued expenses	2,035
Due to other governments	<u>3,360</u>
TOTAL LIABILITIES	<u><u>\$ 5,395</u></u>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Madison County Regional Office of Education No. 41 (ROE No. 41) is presented to assist in understanding the Regional Office of Education's financial statements. The financial statements and notes are representations of the Regional Office of Education's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter I, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The ROE No. 41 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

The Regional Superintendent is responsible for supervision and control of school districts within Madison County. This includes all aspects of supervision, reports and financial accounting of districts, which are considered by State law to be in the Regional Office of Education. In addition, the Regional Superintendent is charged with the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; 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 teachers meetings and assist in their management; evaluate the schools in the ROE No. 41; 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 each September 30; maintenance of a map and numbering of the ROE No. 41's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to 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

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Illinois State Board of Education (ISBE) with an affidavit showing that the treasurers of school districts under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in Madison County, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds 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, 2010, the ROE No. 41 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Madison County. Such activities are reported in the General Fund and Special Revenue Funds.

B. Scope of the Reporting Entity

The ROE No. 41 reporting entity includes all related organizations for which they exercise oversight responsibility.

The ROE No. 41 has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the region, including districts or joint agreements, which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the ROE No. 41 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and 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 ROE No. 41 does not control the assets, operations, or management of the districts or joint agreements. In addition, the ROE No. 41 is not aware of any entity, which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the ROE No. 41. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by grant

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revenues and intergovernmental revenues, are reported separately from business-type activities, which would generally rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the nonfiduciary assets and liabilities, with the differences reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The accounts of the ROE No. 41 are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The ROE No. 41 maintains individual funds required by the State of Illinois and as established by purpose or agreements. The various funds are summarized by type in the financial statements. These funds and accounts are grouped by fund type. The ROE No. 41's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by the means in which spending activities are controlled.

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The various funds used by the ROE No. 41 are categorized as follows for presentation in the financial statements:

Governmental Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds.

The governmental funds include the following:

General Fund - Accounts for all financial resources except those required to be accounted for in another fund. It accounts for monies received for, and payment of, expenditures in connection with general administrative activities. The General Fund includes the following funds:

Technology Hub - Accounts for monies received for, and payment of, expenditures for the Technology for Success grant. The program provides a coordinated, state-wide support infrastructure which assists school districts in planning, implementing, assessing results, and educating school staff in the use of technology and telecommunications in curricular, instructional, and administrative functions.

School Improvement - Accounts for grant monies received for, and payment of, expenditures for the ROE/ISC Operations grant, as well as transactions associated with the operations of the ROE No. 41.

ROE Administrative - Accounts for monies received for, and payment of, expenditures associated with the operations of the ROE No. 41's general administrative activities. This fund also accounts for reimbursements from other funds for general administrative expenses.

Fingerprinting - Accounts for the fees received from the school districts which are used to pay for the fingerprinting services provided to school district employees.

Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are restricted by law or administrative action to expenditures for specified purposes. The special revenue funds include the following funds:

Education - Accounts for State, federal and intergovernmental grant monies received for, and payment of, administering numerous grant awards. The Education Fund includes the following funds:

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Truants Alternative and Optional Education Project - Accounts for grant monies received for, and payment of, expenditures for the truancy prevention program including monitoring of truant students.

Vocational Adjustment Counselor - Accounts for grant monies received for, and payment of, expenditures to provide rehabilitation counseling for individuals in secondary work experience.

Regional Safe Schools - Accounts for grant monies received for, and payment of, expenditures to provide alternative school program for at-risk students. The program also provides placement for students who are suspended and/or are ineligible.

General State Aid - Accounts for grant monies received for, and payment of, expenditures for regional learning academy supplements.

ARRA - General State Aid - Accounts for grant monies received for, and payment of, expenditures used to help stabilize State budgets and minimize the adverse impact of budget cuts in education. This is funded by the American Reinvestment and Recovery Act (ARRA).

Title III - English Language Learner - Accounts for grant monies received for, and payment of, expenditures used for providing language support services to students.

State Standards & Assessment - Accounts for grant monies received for, and payment of, expenditures for the administration of the System of Support grant that is administered by the State.

Title I - School Improvement - Accounts for grant monies received for, and payment of, expenditures of the Title I - School Improvement and Accountability grant. This fund assists school districts in planning, professional development, data analysis and in implementing school improvement and corrective action.

Title I - Reading First Technical Assistance - Accounts for grant monies received for, and payment of, expenditures for the technical assistance activities for an Early Reading Specialist.

Title I - Reading First Part B SEA - Accounts for grant monies received for, and payment of, expenditures of the Reading First grant. The program provides professional development to teachers in Madison County to improve reading in Kindergarten through grade three.

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McKinney-Vento Homeless Children - Accounts for grant monies received for and payment of, expenditures associated with counseling and educational support to homeless children and their families.

Gifted Education - Accounts for grant monies received for, and payment of, professional development which are designed to improve educational programs for the gifted and talented students in Madison County school districts.

Teachers & Administrators Mentoring Program - Accounts for grant monies received for, and payment of, professional development for, and administration of new teacher mentoring in the Triad and Highland School Districts.

Lighthouse Educational Assistance Program (LEAP) - Accounts for tuition monies received for, and payment of, expenditures for the administration of an educational facility within a drug rehabilitation center.

Institute Fund - Accounts for registration and renewal fees related to teachers' certificates. Funds collected from registration and renewal fees are expended to defray costs incidental to teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Educational Therapy Center (ETC) - Accounts for tuition fees and State monies received and used for the administration of a public day school program. The center provides special education and therapeutic services for behaviorally disordered and emotionally disturbed students. The ETC Fund includes the following funds:

Unemployment Reserve - Accounts for local monies received and accumulated to be used to defray unemployment and related expenses in case the ETC cease to exist.

Lunch Account Program - Accounts for State monies received for, and payment of, expenditures for providing free and reduced priced meals to students.

Day Program - Accounts for tuition fees received from school districts used for providing special education and therapeutic services to behaviorally disordered and emotionally disturbed students.

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Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education Fund, LEAP Fund or ETC Fund are grouped under this fund for financial statement presentation.

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas and materials.

Bus Driver Training - Accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

Supervisory Expense - Accounts for State funding used to pay expenses for supervision of school districts in Madison County.

Suspension Temporary Option Program - Accounts for monies received for the administration of the Suspension Temporary Option Program (STOP) serving students in the Collinsville, Highland, and Troy school districts.

Digital Divide - Accounts for the grant monies received for, and payment of, expenditures related to the computer training for low-income individuals in the City of Venice and Venice Community Unit District No. 3.

World War II Veterans Grant - Accounts for monies received from Illinois World War II Veterans Association for the creation of a statewide project to capture World War II experiences.

Proprietary Fund Types

Proprietary funds account for revenues and expenses related to services provided to other entities, or individuals which are reported as enterprise funds. The ROE No. 41 reports the following enterprise funds:

Technology Hub Enterprise - Accounts for the local monies received for, and payment of, expenditures associated with setting up e-mail addresses for the schools in Madison County.

Workshop - Accounts for workshop fees received for, and payment of, expenses related to various trainings conducted by the ROE No. 41.

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Fiduciary Fund Types

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for organizations, and other governments, which are reported as an agency fund. The agency fund includes the following fund:

Teacher Retirement System and Teacher Health Insurance Supplement -
Accounts for pension and insurance contributions collected and disbursed to the Teacher Retirement System (TRS) of the State of Illinois.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues associated with the subsequent fiscal period, but received before fiscal year end are reported as deferred revenue.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Under the terms of the grant agreements, the ROE No. 41 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 funding sources available to finance the program. It is the policy of the ROE No. 41 to first apply cost-reimbursement grant resources to such programs and then general revenues.

Proprietary fund operating revenues, such as charges for fees and services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary services.

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Under the provisions of GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Governmental Entities That Use Proprietary Fund Accounting*, the ROE No. 41 applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

The accounting policies and financial reporting practices of the ROE No. 41 conform to GAAP as applicable to governmental units.

Certain 2009 amounts within the General Fund and Nonmajor Special Revenue Funds have been reclassified to conform to the 2010 presentation. In prior years, transactions of the Fingerprinting and World War II Veterans grant were included in the General Fund - School Improvement fund and the Technology Hub fund, respectively. Also, the ROE Administrative fund was reported under the Nonmajor Special Revenue fund. In FY 2010, the Fingerprinting is separately reported under the General Fund, and the World War II Veterans grant is separately reported under the Nonmajor Special Revenue funds. The ROE Administrative fund is reported under the General Fund.

E. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Special revenue funds are reserved to finance specific functions or activities of each fund.

F. Estimates

The preparation of financial statements in conformity with GAAP as they relate to governmental entities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

G. Budgetary Data

Overall budgeting is not a legal requirement for the ROE No. 41. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not included in the financial statements.

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The ROE No. 41 is the recipient of grants from ISBE for which comparison of budgets and actual results are required. The comparison of budgeted and actual results for the following programs is reported as supplementary information:

General Funds:

- Technology Hub
- School Improvement

Special Revenue Funds:

- Education Fund:
 - Truants Alternative and Optional Education Project
 - Vocational Adjustment Counselor
 - Regional Safe Schools
 - Title III - English Language Learner
 - Title I - School Improvement
 - Title I - Reading First Part B SEA
 - McKinney-Vento Homeless Children
 - Teacher & Administrators Mentoring Program

H. Capital Assets

Capital assets, such as equipment, are recorded in the applicable governmental or business-type activity columns in the government-wide financial statements. Expenditures for the acquisition are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The costs of capital assets are recorded as expenditures in the acquiring fund at the time of purchase and any proceeds from sales are recorded as receipts at the time of disposal in the governmental funds' statements for governmental activities.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair value in the year received. Capital assets are defined by the ROE No. 41 as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

The provision for depreciation on fixed assets is provided on a straight-line basis. Estimated useful lives are as follows:

Equipment	5-10 years
Office equipment	3-7 years

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I. Cash and Investments

For purposes of the Statement of Cash Flows, the Regional Office of Education considers all cash and all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

J. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. Compensated Absences

All ROE No. 41 employees must use their annual vacation before November 30, and an accrual for this liability as of June 30, 2010 has been provided in the government-wide financial statements.

Accumulated sick pay benefits are available to all full-time employees to use in future years, up to 480 hours. They are eligible to be compensated for these unused sick days after attaining age 55 and employed for eight years. They will be compensated upon retirement only. If terminated, their unused sick days are forfeited. Per GASB Statement No. 16, the ROE No. 41 used the vesting method to calculate the necessary accrual. Under this method, the liability is measured based on those that are eligible to receive retirement payments and those who are expected to become eligible in future years.

As required by GASB Interpretation 6, the accrual for unused vacation and sick time is reflected when incurred in the government-wide financial statements, and is reflected in the governmental funds only when the liability is expected to be liquidated with expendable available financial resources.

L. New Accounting Pronouncements

During FY 2010, the ROE No. 41 implemented and adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)* which addresses financial statement and disclosure requirements for reporting by administrators of OPEB plan assets or by employers that include OPEB plan assets as trust or agency funds in their financial reports. The OPEB costs and the related OPEB obligations are presented in the Statement of Net Assets and Statement of Activities. The required OPEB disclosures are also presented in Note 8 to the financial statements and in the Required Supplementary Information.

The ROE No. 41 also implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 58, *Accounting and Financial Reporting*

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for Chapter 9 Bankruptcies. The adoption of these statements does not have any impact on the ROE No. 41's financial statements for the year ended June 30, 2010.

M. Deferred Revenues

The ROE No. 41 reports deferred revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

N. Revenues - Exchange and Nonexchange Transactions

The revenue resulting from exchange transactions, in which each party gives and receives essentially equal values, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE No. 41 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE No. 41 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE No. 41 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

NOTE 2 - CASH AND INVESTMENTS

Deposits

The ROE No. 41 utilizes several different bank accounts for its various activities. The carrying amount of the ROE No. 41's government-wide and agency fund deposits were \$2,286,865 and \$3,347, respectively, and the bank balances were \$1,882,038 and \$3,347, respectively. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2010. Of the total bank balances as of June 30, 2010, \$500,000 was secured by federal depository insurance and \$1,385,385 was collateralized by securities pledged by the financial institution's trust department in the name of the ROE No. 41.

Investments

The ROE No. 41 does not have a formal investment policy. The ROE No. 41 is allowed to invest in securities as authorized by the State of Illinois Public Funds Investment Act. This

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includes, certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

As of June 30, 2010, the ROE No. 41 had investments with carrying and fair values as follows:

Investment Type	Carrying Amount	Fair Value
Certificates of deposit	\$ 200,000	\$ 200,000
Illinois Funds money market fund	11,695	11,695
Total	\$ 211,695	\$ 211,695

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The ROE No. 41 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The investment in the Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds and investment option with competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investment shall have less than one-year maturity and no investment shall exceed two years maturity. Maturities of certificates of deposits are within two years from the date of purchase.

Credit Risk

The ROE No. 41 is allowed to invest in securities as authorized by the State of Illinois Public Funds Investment Act (30 ILCS 235/2 and 6); and Section 8-7 of the School Code. The ROE No. 41 has no investment policy that would further limit its investment choices. As of June 30, 2010, the ROE's investment in the Illinois Funds Money Market Fund was rated AAA by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a financial institution, the Regional Office of Education will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, the ROE's investments are fully collateralized.

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Concentration of Credit Risk

The ROE No. 41 places no limit on the amount invested or deposited to any particular bank. All of the ROE's certificates of deposit totaling \$200,000 are deposited to a local bank.

NOTE 3 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2010 are as follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
GOVERNMENTAL FUNDS				
Equipment	\$ 902,137	\$ 12,349	\$ -	\$ 914,486
Less: accumulated depreciation	663,662	97,591	-	761,253
Capital assets, net	<u>\$ 238,475</u>	<u>(85,242)</u>	<u>\$ -</u>	<u>\$ 153,233</u>
PROPRIETARY FUNDS				
Equipment	\$ 22,271	\$ 758	\$ -	\$ 23,029
Less: accumulated depreciation	6,328	4,205	-	10,533
Capital assets, net	<u>\$ 15,943</u>	<u>\$ (3,447)</u>	<u>\$ -</u>	<u>\$ 12,496</u>

Depreciation expense for the year ended June 30, 2010 amounted to \$101,796, was charged to instructional services function under governmental activities.

NOTE 4 - COMPENSATED ABSENCES

The ROE No. 41 records a liability associated with compensated absences. During the FY 2010, the amount in this account increased by \$3,091. At June 30, 2010, the balance in this account was \$42,328.

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Compensated Absences	<u>\$ 39,237</u>	<u>\$ 6,419</u>	<u>\$ 3,328</u>	<u>\$ 42,328</u>

NOTE 5 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois, and a significant portion of the operating expenditures of the ROE No. 41 are paid by Madison County, Illinois, in accordance with the statutes.

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The breakdown of the State and County on-behalf payments for the year ended June 30, 2010 is as follows:

Regional Superintendent salary	\$	100,762
Regional Superintendent benefits (includes State paid insurance)		21,624
Assistant Regional Superintendent salary		88,797
Assistant Regional Superintendent benefits (includes State paid insurance)		20,931
TRS pension contributions		339,577
THIS OPEB contributions		12,200
Salaries of office workers paid by the Madison County		473,839
Rent of office space		19,800
Madison County's share in health insurance contributions		51,288
Madison County's share in retirement contributions		31,835
Total	\$	1,160,653

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

NOTE 6 - INTERFUND TRANSFERS

(a) Due From (To) Other Funds

As of June 30, 2010, amounts due from (to) other funds consist of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund - ROE Administrative	\$ 9,671	\$ -
Education Fund - Truants Alternative and Optional Education Project	-	8,079
Education Fund - Vocational Adjustment Counselor	-	1,592
Total	\$ 9,671	\$ 9,671

The amount due from the Truants Alternative and Optional Education Project fund and the Vocational Adjustment Counselor fund to the ROE Administrative fund arose from interfund reimbursement of expenditures.

(b) Transfers From (To) Other Funds

In FY 2010, the ROE No. 41 made one time transfer to move a portion of unrestricted special revenue funds to a nonmajor special revenue fund. This was done to cover operating expenditures.

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The composition of interfund transfers during FY 2010 is as follows:

Fund	Transfer-in	Transfer-out
Nonmajor Special Revenue Fund - Suspension Temporary Option Program (STOP)	\$ 24,033	\$ -
Education Fund - General State Aid	-	24,033
Total	<u>\$ 24,033</u>	<u>\$ 24,033</u>

NOTE 7 - DUE FROM (TO) OTHER GOVERNMENTS

The ROE No. 41's General Fund, Special Revenue Funds, Proprietary Funds, and Agency Fund have funds due to and due from various governmental units which consist of the following:

Due from Other Governments:		
Illinois State Board of Education	\$	484,340
Illinois Department of Human Services		34,773
St. Clair County ROE No. 50		107,049
Local school districts		84,681
Other governmental units		6,459
Total	<u>\$</u>	<u>717,302</u>
Due to Other Governments:		
Illinois State Board of Education	\$	4,683
Local school districts		35,270
Total	<u>\$</u>	<u>39,953</u>

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

(a) Defined Benefit Plan - Madison County Health Plan

Beginning in FY 2010, the ROE No. 41 is required to implement GASB Statement No. 45 for other postemployment benefits (OPEB) including health care, life insurance, and other non-pension benefits offered to retirees. The ROE No. 41 implemented GASB Statement No. 45 prospectively. This new standard addresses how the reporting entity should account for and report its costs related to postemployment health care and other non-pension benefits, such as the ROE No. 41's retiree health benefit subsidy. The subsidy is an implied age related cost differential based upon the expected higher cost of coverage for retired employees versus the average cost for the entire group. Historically, the ROE No. 41's subsidy was funded on a pay-as-you-go basis. GASB Statement No.

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45 requires that the ROE No. 41 recognize the cost of the retiree health subsidy and other postemployment benefits during the period of employee’s active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the ROE No. 41. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description. The ROE No. 41 employees are covered by the Madison County (the County) health insurance plan. The County provides postemployment health care for eligible retired employees and their dependents through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the County and can be amended by the County Board through its personnel manual and union contracts. An irrevocable trust has not been established by the County to account for the plan and accordingly the plan is not accounted for as a trust fund. The plan does not issue a separate report.

Benefits Provided. The ROE No. 41 provides postemployment health care for eligible retired employees and their dependents through the County. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their health care plan coverage with the County by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services; mental, nervous, and substance abuse care; vision care, dental care; and prescriptions. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the County and is the basis for the OPEB obligation accounted for under GASB Statement No. 45. The ROE No. 41 reimburses the County for non-administrative ROE No. 41 employees. These non-administrative employees are classified under “Other Education” below.

Membership. At November 30, 2009 (the County’s fiscal year end and the date of the latest information available), membership consisted of:

	Education Admin	Other Education	Total
Active Participants	9	29	38
Retired Participants	1	5	6
Total	10	34	44

Funding Policy. The County negotiates the contribution percentages between the County and employees through the union contracts and the personnel policy. The ROE No. 41 employees follow these contracts and policies. All retirees contribute 100% of the blended premium to the plan and the County contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay-as-you-go). GASB

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Statement No. 45 requires recognition of the current expense of OPEB based on each governing body's annual required contribution, but does not require funding of the related liability. As of November 30, 2009 the County has chosen not to fund the liability.

Annual OPEB Cost and Net OPEB Obligation. The ROE No. 41's annual OPEB cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over a period of thirty years.

Trend Data. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information 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 liabilities for benefits.

Components of Net OPEB Obligation and Expense

Item	Amount as of 11/30/2009		
	Education Admin	Other Education	Total
Annual Required Contribution	\$ 14,718	\$ 50,948	\$ 65,666
Interest on Net OPEB obligation	—	—	—
Adjustment to annual required contribution	—	—	—
Annual OPEB cost (expense)	14,718	50,948	65,666
Contributions made	(5,154)	(3,803)	(8,957)
Increase in net OPEB obligation	9,564	47,145	56,709
Net OPEB obligation - beginning of year	—	—	—
Net OPEB obligation - end of year	\$ 9,564	\$ 47,145	\$ 56,709

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
11/30/09 (latest info available)	\$ 65,666	13.6%	\$ 56,709

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Funded Status and Funding Progress. As of November 30, 2009 (the County's fiscal year end and date of latest available information), the actuarial accrued liability for benefits was \$554,500. The covered payroll was approximately \$1,812,355, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 30.6%.

Actuarial Method and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended November 30, 2009 (the date of the latest available information), the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount on a closed basis over 30 years. A discount (interest) rate of 5% was used as well as a salary progression rate of 3.5% per year.

Schedule of Funded Status and Funding Progress

	Education Admin	Other Education	Total
Actuarial Accrued Liability (AAL)	\$ 140,609	\$ 413,891	\$ 554,500
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 140,609	\$ 413,891	\$ 554,500
Funded Ratio	0%	0%	0%
Covered Payroll (Active Plan Members)	\$ 287,685	\$ 1,524,670	\$ 1,812,355
UAAL as a % of Covered Payroll	49%	27%	31%

(b) Teacher Health Insurance Security Fund

The ROE No. 41 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental or life insurance benefits to annuitants of the TRS. Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative

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action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of HFS and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- **On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on-behalf of the ROE No. 41. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. The State of Illinois contributions were \$12,200, and the ROE No. 41 recognized revenue and expenditures of this amount during the year. Had the ROE No. 41 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008, under the current standards, the contribution match would have been 0.84 percent of pay or \$15,553 and \$16,837, respectively.
- **Employer contributions to THIS Fund.** The ROE No. 41 also makes contributions to THIS Fund. The ROE No. 41's THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the ROE No. 41 paid \$7,956 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the ROE No. 41 paid \$10,459 and \$11,362 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Avenue, Springfield, IL 62763-3838.

NOTE 9 - PENSION AND RETIREMENT COMMITMENTS

Teacher's Retirement System of the State of Illinois (TRS)

The ROE No. 41 participates in the TRS. TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by

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legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the ROE No. 41's TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on-behalf of the ROE No. 41. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the ROE No. 41 recognized revenue and expenditures of \$339,577 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$283,542) and 13.11 percent (\$236,440), respectively.

The ROE No. 41 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$7,325. Contributions for the years ended June 30, 2009, and June 30, 2008, were \$8,518 and \$9,295, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the ROE No. 41, there is a statutory requirement for the ROE No. 41 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer pension contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$98,682 were paid from federal and special trust funds that required

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employer contributions of \$23,072. For the years ended June 30, 2009 and 2008, required ROE No. 41 contributions were \$23,494 and \$14,711, respectively.

- **Early retirement option (ERO).** The ROE No. 41 is also required to make one-time employer contributions to TRS for members retiring under the ERO. The payments vary depending on the age and salary of the member.

Public Act 94-004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2010, the ROE No. 41 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the ROE No. 41 paid \$0 in employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent. For the year ended June 30, 2010, the ROE No. 41 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the ROE No. 41 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.
 - If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010.) For the year ended June 30, 2010, the ROE No. 41 paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the ROE No. 41 did not have any payments to TRS for sick leave days granted in excess of the normal allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30,

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2010 is expected to be available in late 2010. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS website at trs.illinois.gov.

Non-certified employees are paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government. Retirement contributions for non-certified employees amounting to \$9,564 are recorded as county on-behalf payments.

NOTE 10 - DEFICIT FUND BALANCE

The following funds have deficit fund balances as of June 30, 2010:

General Fund:	
Technology Hub	\$ 85,640
School Improvement	31,126
Education Fund:	
Truants Alternative and Optional Education Project	19,184
Regional Safe Schools	113,846
Title I - School Improvement	2,700
Nonmajor Special Revenue Fund:	
Suspension Temporary Option Program	7,500
Total	\$ 259,996

Above deficit fund balances are expected to be reversed in the next fiscal year through payments from the State, receipts from local sources and interest income. The deficit balances are due to the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of current fiscal period.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the ROE No. 41 receives grant funds from various federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Significant losses are covered by the commercial insurance for all major programs: property, liability, and workman’s compensation. During the year ended June 30, 2010, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past four years.

NOTE 12 - OPERATING LEASES

The ROE No. 41 is committed under the following leases for its school building and office facility. These are considered operating leases for accounting purposes.

Lease 1: On September 1, 1997, the Regional Office of Education entered into a lease agreement with Madison County Buildings and Lands Committee for rental of the facility at 200 Clay Street, Edwardsville (School Improvement and Technology Hub service center), for one year beginning on September 1, 1997 and terminating on August 31, 1998, with an option for yearly renewals. The current lease requires \$24,000 annually, payable semi-annually. Lease expense for this facility for the year ended June 30, 2009 was \$24,000.

Lease 2: On July 1, 2009, the Regional Office of Education entered into a lease agreement with Madison County Government with a term of fifty (50) years commencing on August 1, 2009. The lease requires \$35,000 annually, with four installments of \$8,750 to be paid August 1, November 1, February 1, and May 1 of each year, for the first seven years. During the eighth year, the lease requires \$10,000, with four installments of \$2,500 to be paid August 1, November 1, February 1, and May 1. For the remaining 42 years, the lease requires \$1.00 annually.

Minimum future rental payments under non-cancelable leases having remaining terms in excess of 1 year as of June 30, 2009 for each of the next applicable years in the aggregate are:

Fiscal Year Ending June 30	Amount
2011	\$ 59,000
2012	35,000
2013	35,000
2014	35,000
2015-2017	80,000
Total	\$ 244,000

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
11/30/09	\$0	\$554,500	\$554,500	0%	\$1,812,355	30.60%

**OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
11/30/09	\$8,957	\$65,666	13.64%

SUPPLEMENTARY INFORMATION

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2010

SCHEDULE 1

	<u>Technology Hub</u>	<u>School Improvement</u>	<u>ROE Administrative</u>	<u>Fingerprinting</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 21,949	\$ 6,217	\$ 28,166
Due from other funds	-	-	9,671	-	9,671
Due from other governments	176,896	64,854	-	2,782	244,532
TOTAL ASSETS	<u>176,896</u>	<u>64,854</u>	<u>31,620</u>	<u>8,999</u>	<u>282,369</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	175,140	63,553	12	765	239,470
Deferred revenues	87,396	32,427	-	-	119,823
Total liabilities	<u>262,536</u>	<u>95,980</u>	<u>12</u>	<u>765</u>	<u>359,293</u>
FUND BALANCES (DEFICIT)					
Unreserved	(85,640)	(31,126)	31,608	8,234	(76,924)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 176,896</u>	<u>\$ 64,854</u>	<u>\$ 31,620</u>	<u>\$ 8,999</u>	<u>\$ 282,369</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

SCHEDULE 2

GENERAL FUND ACCOUNT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	Technology Hub	School Improvement	ROE Administrative	Fingerprinting	Total
REVENUES					
State sources	\$ 237,422	\$ 64,854	\$ -	\$ -	\$ 302,276
Local sources					
Tuition and fees for services	-	-	-	55,055	55,055
Miscellaneous	-	-	14,846	-	14,846
Interest	-	-	281	61	342
On-behalf payments	-	-	1,068,985	-	1,068,985
	<u>237,422</u>	<u>64,854</u>	<u>1,084,112</u>	<u>55,116</u>	<u>1,441,504</u>
Total revenues					
EXPENDITURES					
Salaries	203,331	52,348	394	-	256,073
Benefits	36,922	10,413	36	-	47,371
Purchased services	72,942	24,064	19,090	54,272	170,368
Supplies and materials	1,699	10,420	3,565	6	15,690
Payments to governmental units	3,112	-	-	-	3,112
Miscellaneous	-	36	2,798	26	2,860
On-behalf payments	-	-	1,068,985	-	1,068,985
Capital expenditures	6,812	-	-	-	6,812
	<u>324,818</u>	<u>97,281</u>	<u>1,094,868</u>	<u>54,304</u>	<u>1,571,271</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(87,396)	(32,427)	(10,756)	812	(129,767)
FUND BALANCES, BEGINNING OF YEAR	<u>1,756</u>	<u>1,301</u>	<u>42,364</u>	<u>7,422</u>	<u>52,843</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (85,640)</u>	<u>\$ (31,126)</u>	<u>\$ 31,608</u>	<u>\$ 8,234</u>	<u>\$ (76,924)</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 3

	Technology Hub			School Improvement			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
State sources	\$ 461,818	\$237,422	\$ (224,396)	\$ 97,281	\$ 64,854	\$ (32,427)	\$559,099	\$ 302,276	\$ (256,823)
EXPENDITURES									
Salaries	204,540	203,331	1,209	51,235	52,348	(1,113)	255,775	255,679	96
Benefits	35,917	36,922	(1,005)	10,081	10,413	(332)	45,998	47,335	(1,337)
Purchased services	109,066	72,942	36,124	24,895	24,064	831	133,961	97,006	36,955
Supplies and materials	2,300	1,699	601	10,870	10,420	450	13,170	12,119	1,051
Capital expenditures	42,295	6,812	35,483	-	-	-	42,295	6,812	35,483
Miscellaneous	6,000	-	6,000	200	36	164	6,200	36	6,164
Payments to governmental units	61,700	3,112	58,588	-	-	-	61,700	3,112	58,588
Total expenditures	461,818	324,818	137,000	97,281	97,281	-	559,099	422,099	137,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(87,396)</u>	<u>\$ (87,396)</u>	<u>\$ -</u>	<u>(32,427)</u>	<u>\$ (32,427)</u>	<u>\$ -</u>	<u>(119,823)</u>	<u>\$ (119,823)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>1,756</u>			<u>1,301</u>			<u>3,057</u>	
FUND BALANCES (DEFICIT), END OF YEAR		<u>\$ (85,640)</u>			<u>\$ (31,126)</u>			<u>\$ (116,766)</u>	

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 4

	Truants Alternative and Optional Education Project	Vocational Adjustment Counselor	Regional Safe Schools	General State Aid	ARRA - General State Aid	Title III - English Language Learner	State Standards & Assessment
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 880	\$ 604,748	\$ 9	\$ 16	\$ 3
Investments	-	-	-	100,000	-	-	-
Due from other governments	32,206	34,773	187,494	-	-	-	-
TOTAL ASSETS	<u>32,206</u>	<u>34,773</u>	<u>188,374</u>	<u>704,748</u>	<u>9</u>	<u>16</u>	<u>3</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	24,079	25,149	178,514	12,709	9	16	3
Due to other funds	8,079	1,592	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Deferred revenues	19,232	-	123,706	-	-	-	-
Total liabilities	<u>51,390</u>	<u>26,741</u>	<u>302,220</u>	<u>12,709</u>	<u>9</u>	<u>16</u>	<u>3</u>
FUND BALANCES (DEFICIT)							
Unreserved	<u>(19,184)</u>	<u>8,032</u>	<u>(113,846)</u>	<u>692,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,206</u>	<u>\$ 34,773</u>	<u>\$ 188,374</u>	<u>\$ 704,748</u>	<u>\$ 9</u>	<u>\$ 16</u>	<u>\$ 3</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 4
 (CONTINUED)

	Title I - School Improvement	Title I - Reading First Technical Assistance	Title I - Reading First Part B SEA	McKinney - Vento Homeless Children	Gifted Education	Teacher & Administrators Mentoring Program	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 157	\$ 62,418	\$ -	\$ 668,231
Investments	-	-	-	-	-	-	100,000
Due from other governments	107,049	56	18,250	-	-	831	380,659
TOTAL ASSETS	<u>107,049</u>	<u>56</u>	<u>18,250</u>	<u>157</u>	<u>62,418</u>	<u>831</u>	<u>1,148,890</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	109,631	-	17,463	-	3,238	831	371,642
Due to other funds	-	-	-	-	-	-	9,671
Due to other governments	118	56	787	-	-	-	961
Deferred revenues	-	-	-	157	58,219	-	201,314
Total liabilities	<u>109,749</u>	<u>56</u>	<u>18,250</u>	<u>157</u>	<u>61,457</u>	<u>831</u>	<u>583,588</u>
FUND BALANCES (DEFICIT)							
Unreserved	<u>(2,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>961</u>	<u>-</u>	<u>565,302</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 107,049</u>	<u>\$ 56</u>	<u>\$ 18,250</u>	<u>\$ 157</u>	<u>\$ 62,418</u>	<u>\$ 831</u>	<u>\$ 1,148,890</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 5

	Truants Alternative and Optional Education Project	Vocational Adjustment Counselor	Regional Safe Schools	General State Aid	ARRA - General State Aid	Title III - English Language Learner	State Standards & Assessment
REVENUES							
Federal sources	\$ -	\$ 55,871	\$ -	\$ -	\$ 49,197	\$ 1,560	\$ -
State sources	38,927	60,698	216,496	221,385	-	-	-
Local sources							
Tuition and fees for services	-	69,509	-	-	-	-	-
Interest	-	23	-	7,783	-	-	-
On-behalf payments	-	-	-	28,237	-	-	-
Total revenues	<u>38,927</u>	<u>186,101</u>	<u>216,496</u>	<u>257,405</u>	<u>49,197</u>	<u>1,560</u>	<u>-</u>
EXPENDITURES							
Salaries	43,470	154,690	261,438	64,966	41,991	-	-
Benefits	1,331	31,313	36,297	13,361	7,206	-	-
Purchased services	13,257	14,119	7,380	17,669	-	1,560	-
Supplies and materials	101	588	87	28,864	-	-	-
Payments to other governments	-	-	35,000	-	-	-	-
Miscellaneous	-	640	-	2,610	-	-	-
On-behalf payments	-	-	-	28,237	-	-	-
Capital expenditures	-	1,091	-	-	-	-	-
Total expenditures	<u>58,159</u>	<u>202,441</u>	<u>340,202</u>	<u>155,707</u>	<u>49,197</u>	<u>1,560</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,232)	(16,340)	(123,706)	101,698	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfer out	-	-	-	(24,033)	-	-	-
NET CHANGE IN FUND BALANCES	(19,232)	(16,340)	(123,706)	77,665	-	-	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	48	24,372	9,860	614,374	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (19,184)</u>	<u>\$ 8,032</u>	<u>\$ (113,846)</u>	<u>\$ 692,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 5
 (CONTINUED)

	Title I - School Improvement	Title I - Reading First Technical Assistance	Title I - Reading First Part B SEA	McKinney - Vento Homeless Children	Gifted Education	Teacher & Administrators Mentoring Program	Total
REVENUES							
Federal sources	\$ 346,426	\$ -	\$ 17,463	\$ 16,842	\$ -	\$ -	\$ 487,359
State sources	-	-	-	-	62,923	57,740	658,169
Local sources							
Tuition and fees for services	-	-	-	-	-	-	69,509
Interest	-	-	-	-	961	38	8,805
On-behalf payments	-	-	-	-	-	-	28,237
Total revenues	346,426	-	17,463	16,842	63,884	57,778	1,252,079
EXPENDITURES							
Salaries	263,443	-	-	5,543	22,891	7,612	866,044
Benefits	54,039	-	-	-	2,877	1,074	147,498
Purchased services	28,944	-	17,463	3,089	23,258	13,962	140,701
Supplies and materials	-	-	-	8,210	13,897	14,734	66,481
Payments to other governments	-	-	-	-	-	20,396	55,396
Miscellaneous	-	-	-	-	-	-	3,250
On-behalf payments	-	-	-	-	-	-	28,237
Capital expenditures	-	-	-	-	-	-	1,091
Total expenditures	346,426	-	17,463	16,842	62,923	57,778	1,308,698
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	961	-	(56,619)
OTHER FINANCING SOURCES (USES)							
Transfer out	-	-	-	-	-	-	(24,033)
NET CHANGE IN FUND BALANCES	-	-	-	-	961	-	(80,652)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(2,700)	-	-	-	-	-	645,954
FUND BALANCES (DEFICIT), END OF YEAR	\$ (2,700)	\$ -	\$ -	\$ -	\$ 961	\$ -	\$ 565,302

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6

	Truants Alternative and Optional Education Project			Vocational Adjustment Counselor			Regional Safe Schools		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 55,871	\$ 55,871	\$ -	\$ -	\$ -	\$ -
State sources	58,388	38,927	(19,461)	60,698	60,698	-	340,208	216,496	(123,712)
Local sources									
Tuition and fees for services	-	-	-	88,792	69,509	(19,283)	-	-	-
Interest	-	-	-	-	23	23	-	-	-
Total revenues	58,388	38,927	(19,461)	205,361	186,101	(19,260)	340,208	216,496	(123,712)
EXPENDITURES									
Salaries	43,045	43,470	(425)	151,712	154,690	(2,978)	258,832	261,438	(2,606)
Benefits	1,713	1,331	382	41,599	31,313	10,286	38,548	36,297	2,251
Purchased services	13,530	13,257	273	12,050	14,119	(2,069)	7,380	7,380	-
Supplies and materials	100	101	(1)	-	588	(588)	448	87	361
Capital expenditures	-	-	-	-	1,091	(1,091)	-	-	-
Miscellaneous	-	-	-	-	640	(640)	-	-	-
Payments to other governments	-	-	-	-	-	-	35,000	35,000	-
Total expenditures	58,388	58,159	229	205,361	202,441	2,920	340,208	340,202	6
DEFICIENCY OF REVENUES OVER EXPENDITURES									
	\$ -	(19,232)	\$ (19,232)	\$ -	(16,340)	\$ (16,340)	\$ -	(123,706)	\$ (123,706)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR									
		48			24,372			9,860	
FUND BALANCES (DEFICIT), END OF YEAR									
		<u>\$(19,184)</u>			<u>\$ 8,032</u>			<u>\$(113,846)</u>	

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6
 (CONTINUED)

	<u>Title III - English Language Learner</u>			<u>Title I - School Improvement</u>			<u>Title I - Reading First Part B SEA</u>		
			<u>Variance</u>			<u>Variance</u>			<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>
REVENUES									
Federal sources	\$ 2,000	\$ 1,560	\$ (440)	\$302,000	\$346,426	\$ 44,426	\$87,413	\$ 17,463	\$ (69,950)
State sources	-	-	-	-	-	-	-	-	-
Local sources									
Tuition and fees for services	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,000</u>	<u>1,560</u>	<u>(440)</u>	<u>302,000</u>	<u>346,426</u>	<u>44,426</u>	<u>87,413</u>	<u>17,463</u>	<u>(69,950)</u>
EXPENDITURES									
Salaries	-	-	-	216,993	263,443	(46,450)	-	-	-
Benefits	-	-	-	54,665	54,039	626	-	-	-
Purchased services	1,500	1,560	(60)	30,342	28,944	1,398	17,706	17,463	243
Supplies and materials	500	-	500	-	-	-	3,327	-	3,327
Capital expenditures	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	66,380	-	66,380
Total expenditures	<u>2,000</u>	<u>1,560</u>	<u>440</u>	<u>302,000</u>	<u>346,426</u>	<u>(44,426)</u>	<u>87,413</u>	<u>17,463</u>	<u>69,950</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES									
	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR									
		<u>-</u>			<u>(2,700)</u>			<u>-</u>	
FUND BALANCES (DEFICIT), END OF YEAR									
		<u>\$ -</u>			<u>\$ (2,700)</u>			<u>\$ -</u>	

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6
 (CONTINUED)

	McKinney - Vento Homeless Children			Teacher & Administrators Mentoring Program			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$17,206	\$16,842	\$ (364)	\$ -	\$ -	\$ -	\$ 464,490	\$ 438,162	\$ (26,328)
State sources	-	-	-	25,379	57,740	32,361	484,673	373,861	(110,812)
Local sources									
Tuition and fees for services	-	-	-	-	-	-	88,792	69,509	(19,283)
Interest	-	-	-	-	38	38	-	61	61
Total revenues	17,206	16,842	(364)	25,379	57,778	32,399	1,037,955	881,593	(156,362)
EXPENDITURES									
Salaries	5,544	5,543	1	1,500	7,612	(6,112)	677,626	736,196	(58,570)
Benefits	-	-	-	58	1,074	(1,016)	136,583	124,054	12,529
Purchased services	3,050	3,089	(39)	8,721	13,962	(5,241)	94,279	99,774	(5,495)
Supplies and materials	8,612	8,210	402	2,250	14,734	(12,484)	15,237	23,720	(8,483)
Capital expenditures	-	-	-	-	-	-	-	1,091	(1,091)
Miscellaneous	-	-	-	-	-	-	-	640	(640)
Payments to other governments	-	-	-	12,850	20,396	(7,546)	114,230	55,396	58,834
Total expenditures	17,206	16,842	364	25,379	57,778	(32,399)	1,037,955	1,040,871	(2,916)
DEFICIENCY OF REVENUES OVER EXPENDITURES									
	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	(159,278)	\$ (159,278)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR									
		-			-			31,580	
FUND BALANCES (DEFICIT), END OF YEAR									
	\$ -			\$ -				\$ (127,698)	

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATIONAL THERAPY CENTER FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010**

SCHEDULE 7

	<u>Unemployment Reserve</u>	<u>Lunch Account Program</u>	<u>Day Program</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 170,593	\$ 21,993	\$ 197,804	\$ 390,390
Due from other governments	-	3,809	31,682	35,491
TOTAL ASSETS	<u>170,593</u>	<u>25,802</u>	<u>229,486</u>	<u>425,881</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	-	-	52,147	52,147
Due to other governments	-	-	29,041	29,041
Deferred revenues	-	3,809	-	3,809
Total liabilities	<u>-</u>	<u>3,809</u>	<u>81,188</u>	<u>84,997</u>
FUND BALANCES				
Unreserved	<u>170,593</u>	<u>21,993</u>	<u>148,298</u>	<u>340,884</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 170,593</u>	<u>\$ 25,802</u>	<u>\$ 229,486</u>	<u>\$ 425,881</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATIONAL THERAPY CENTER FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 8

	<u>Unemployment Reserve</u>	<u>Lunch Account Program</u>	<u>Day Program</u>	<u>Total</u>
REVENUES				
Federal sources	\$ -	\$ 24,693	\$ -	\$ 24,693
State sources	-	1,290	-	1,290
Local sources				
Tuition and fees for services	-	4,153	553,385	557,538
Interest	3,370	224	891	4,485
On-behalf payments	-	-	30,428	30,428
Total revenues	<u>3,370</u>	<u>30,360</u>	<u>584,704</u>	<u>618,434</u>
EXPENDITURES				
Salaries	-	-	330,760	330,760
Benefits	-	-	50,235	50,235
Purchased services	-	29,366	28,958	58,324
Supplies and materials	-	-	3,720	3,720
Miscellaneous	-	-	241	241
On-behalf payments	-	-	30,428	30,428
Total expenditures	<u>-</u>	<u>29,366</u>	<u>444,342</u>	<u>473,708</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,370	994	140,362	144,726
FUND BALANCES, BEGINNING OF YEAR	<u>167,223</u>	<u>20,999</u>	<u>7,936</u>	<u>196,158</u>
FUND BALANCES, END OF YEAR	<u>\$ 170,593</u>	<u>\$ 21,993</u>	<u>\$ 148,298</u>	<u>\$ 340,884</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

SCHEDULE 9

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory Expense</u>	<u>Suspension Temporary Option Program</u>	<u>Digital Divide</u>	<u>World War II Veterans Grant</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 36,071	\$ 4,429	\$ 1	\$ -	\$ -	\$ 49,001	\$ 89,502
Due from other governments	-	30	-	-	-	-	30
TOTAL ASSETS	<u>36,071</u>	<u>4,459</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>49,001</u>	<u>89,532</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	-	-	1	1,389	-	76	1,466
Due to other governments	-	-	-	6,111	-	-	6,111
Deferred revenue	-	-	-	-	-	48,925	48,925
Total liabilities	<u>-</u>	<u>-</u>	<u>1</u>	<u>7,500</u>	<u>-</u>	<u>49,001</u>	<u>56,502</u>
FUND BALANCES (DEFICIT)							
Unreserved	<u>36,071</u>	<u>4,459</u>	<u>-</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>	<u>33,030</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 36,071</u>	<u>\$ 4,459</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,001</u>	<u>\$ 89,532</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

SCHEDULE 10

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	General Education Development	Bus Driver Training	Supervisory Expense	Suspension Temporary Option Program	Digital Divide	World War II Veteranas Grant	Total
REVENUES							
State sources	\$ -	\$ 2,027	\$ 1,000	\$ -	\$ -	\$ -	\$ 3,027
Local sources							
Intergovernmental	-	-	-	-	48,000	20,398	68,398
Tuition and fees for services	39,262	3,593	-	19,500	-	-	62,355
Interest	300	21	4	11	194	494	1,024
Total revenues	<u>39,562</u>	<u>5,641</u>	<u>1,004</u>	<u>19,511</u>	<u>48,194</u>	<u>20,892</u>	<u>134,804</u>
EXPENDITURES							
Salaries	-	-	-	49,124	6,202	-	55,326
Benefits	2,581	-	-	10,673	385	-	13,639
Purchased services	16,622	1,299	1,004	-	3,666	8,803	31,394
Supplies and materials	5,924	248	-	80	4,032	7,461	17,745
Miscellaneous	-	115	-	-	-	-	115
Capital expenditures	-	-	-	-	33,909	4,628	38,537
Total expenditures	<u>25,127</u>	<u>1,662</u>	<u>1,004</u>	<u>59,877</u>	<u>48,194</u>	<u>20,892</u>	<u>156,756</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,435	3,979	-	(40,366)	-	-	(21,952)
OTHER FINANCING SOURCE							
Transfer in	-	-	-	24,033	-	-	24,033
NET CHANGE IN FUND BALANCES	14,435	3,979	-	(16,333)	-	-	2,081
FUND BALANCES, BEGINNING OF YEAR	<u>21,636</u>	<u>480</u>	<u>-</u>	<u>8,833</u>	<u>-</u>	<u>-</u>	<u>30,949</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 36,071</u>	<u>\$ 4,459</u>	<u>\$ -</u>	<u>\$ (7,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,030</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 FIDUCIARY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 11

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
TRS & THIS FUND				
ASSETS				
Cash and cash equivalents	\$ 6,259	\$ 138,171	\$ 141,083	\$ 3,347
Accounts receivable	87	645	87	645
Due from other governments	-	1,403	-	1,403
TOTAL ASSETS	<u>6,346</u>	<u>140,219</u>	<u>141,170</u>	<u>5,395</u>
LIABILITIES				
Accounts payable and accrued expenses	-	2,035	-	2,035
Due to other governments	6,346	138,184	141,170	3,360
TOTAL LIABILITIES	<u>\$ 6,346</u>	<u>\$ 140,219</u>	<u>\$ 141,170</u>	<u>\$ 5,395</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 12

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2010 Expenditures
STATE FISCAL STABILIZATION FUND CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act Passed-Through Illinois State Board of Education <i>General State Aid (Education Stabilization Fund)</i>	84.394A	2010-4850-93	\$ 36,898
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act Passed-Through Illinois State Board of Education <i>General State Aid (Government Stabilization Fund)</i>	84.397A	2010-4870-93	12,299
TOTAL DEPARTMENT OF EDUCATION			\$ 49,197
TOTAL STATE FISCAL STABILIZATION FUND CLUSTER			\$ 49,197
CHILD NUTRITION CLUSTER:			
<u>DEPARTMENT OF AGRICULTURE</u>			
School Breakfast Program Passed-Through Illinois State Board of Education <i>School Breakfast Program</i>	10.553	2009-4220-00	\$ 1,285
<i>School Breakfast Program</i>	10.553	2010-4220-00	7,275
			8,560
National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch</i>	10.555	2009-4210-00	2,692
<i>National School Lunch</i>	10.555	2010-4210-00	13,441
			16,133
TOTAL DEPARTMENT OF AGRICULTURE			\$ 24,693
TOTAL CHILD NUTRITION CLUSTER			\$ 24,693
OTHER PROGRAMS:			
<u>DEPARTMENT OF EDUCATION</u>			
Reading First State Grants Passed-Through Illinois State Board of Education <i>Title I - Reading First Part B SEA Funds</i>	84.357A	2010-4337-00	\$ 17,463
English Language Acquisition Grants Passed-Through Illinois State Board of Education <i>Title III - English Language Learner</i>	84.365A	2010-4999-PD	1,560
Title I Grants to Local Educational Agencies Passed-Through St. Clair County Regional Office of Education No. 50 <i>Title I - School Improvement & Accountability</i>	(M) 84.010A	2010-4331-SS	346,381
<i>Title I - School Improvement & Accountability</i>	(M) 84.010A	2009-4331-SS	45
			346,426

The accompanying notes are an integral part of this schedule.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 12

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2010 Expenditures
OTHER PROGRAMS: (Continued)			
<u>DEPARTMENT OF EDUCATION (Continued)</u>			
Education for Homeless Children and Youth Passed-Through Bond/Fayette/Effingham Counties Regional Office of Education No. 3 <i>McKinney-Vento Homeless Children & Youth Program</i>	84.196A	2010-4920-00	<u>16,842</u>
Rehabilitation Services_Vocational Rehabilitation Grants to States Passed-Through Illinois Department of Human Services <i>Vocational Adjustment Counselor</i>	84.126	40CL001436	<u>55,871</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 438,162</u>
TOTAL OTHER PROGRAMS			<u>\$ 438,162</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 512,052</u></u>

(M) Program was audited as a major program

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Madison County Regional Office of Education No. 41 (ROE No. 41) and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Subrecipients

The ROE No. 41 did not provide federal payments to subrecipients.

Note 3. Description of Federal Programs Audited as a Major Program

Title I - School Improvement and Accountability is a subgrant from the Illinois State Board of Education passed through the St. Clair Regional Office of Education No. 50, primarily used to provide assistance to Title I schools identified for improvement, corrective action, or restructuring. The grant activities include technical and professional training given to schools in order to raise substantially the achievement of the students, and to enable the schools to make adequate yearly progress and exit their current improvement status.

Note 4. Non-Cash Assistance

The ROE No. 41 did not receive any federal non-cash assistance.

Note 5. Loans and Insurance

There were no federal awards received or disbursed by the ROE No. 41 for the purpose of loans or insurance.