



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

FINANCIAL AUDIT

**REGIONAL OFFICE OF EDUCATION #46
BROWN, CASS, MORGAN AND SCOTT COUNTIES**

FOR THE YEAR ENDED JUNE 30, 2008

WILLIAM G. HOLLAND

AUDITOR GENERAL

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46**

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
FINANCIAL REPORT SUMMARY	2
FINANCIAL STATEMENT REPORT SUMMARY	4
INDEPENDENT AUDITORS' REPORT	5
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	7
Schedule of Findings and Questioned Costs	9
Corrective Action Plan for Current Year Audit Findings	20
Summary Schedule of Prior Audit Findings.....	24
 BASIC FINANCIAL STATEMENTS	
	EXHIBIT
Government-wide Financial Statements:	
Statement of Net Assets.....	A..... 25
Statement of Activities.....	B..... 26
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	C..... 27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D..... 28
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	E..... 29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds	F..... 30
Notes to Financial Statements.....	31

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46**

TABLE OF CONTENTS (Continued)

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION	
(Other than Management’s Discussion and Analysis)	
Schedule of Funding Progress - IMRF (Unaudited).....	47
OTHER SUPPLEMENTARY INFORMATION	
	SCHEDULE
General Fund:	
Combining Schedule of Accounts	1 48
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2 49
Budgetary Comparison Schedule.....	3 50
Education Fund:	
Combining Schedule of Accounts.....	4 51
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	5 53
Budgetary Comparison Schedule.....	6 55
Alternative Schools Fund:	
Combining Schedule of Accounts	7 58
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	8 59
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	9 60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	10 61

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46**

OFFICIALS

Regional Superintendent
(current and during the audit period)

Honorable Stephen Breese

Assistant Regional Superintendent
(current and during the audit period)

Mr. Jeff Stephens

Offices are located at:

110 N. West Street
Jacksonville, IL 62650

121 East Second Street
Beardstown, IL 62618

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46**

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit.....</u>
Audit findings	3	9
Repeated audit findings	2	5
Prior recommendations implemented or not repeated	7	0

Details of audit findings are presented in a separately tabbed report section.

Additional matters which were less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
08-1	10	Controls Over Financial Statement Preparation	Material Weakness
08-2	12	Inadequate Controls Over Property and Equipment	Significant Deficiency
08-3	16	Failure to Remit Interest Earned	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

07-1	24	Controls Over Compliance with Laws and Regulations
07-2	24	Inaccurate Expenditure Report
07-3	24	Improper Expenditure Classification
07-4	24	Reconciliation of Pooled Cash Account
07-5	24	Undercollateralization of Bank Accounts
07-7	24	Failure to Allocate Interest Earned
07-8	24	Inadequate Internal Control Procedures

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46**

FINANCIAL REPORT SUMMARY (Continued)

EXIT CONFERENCE

The Brown/Cass/Morgan/Scott Counties Regional Office of Education #46 opted not to have an exit conference during the financial audit for the year ended June 30, 2008. Throughout the audit, numerous meetings were held between auditors and ROE officials to discuss the matters contained in this audit report. Responses to the recommendations were provided by Honorable Stephen Breese, Regional Superintendent on December 15, 2009.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 was performed by staff of the Illinois Office of the Auditor General.

Based on their audit, the auditors expressed an unqualified opinion on the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's basic financial statements.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46, as of and for the year ended June 30, 2008, which collectively comprise the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

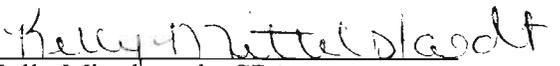
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 4, 2010, on our consideration of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46'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 Regional Office of Education #46 has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Illinois Municipal Retirement Fund Schedule of Funding Progress on page 47 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #46'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 combining and individual nonmajor fund financial statements and budgetary comparison schedules 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.


Kelly Mittelstaedt, CPA
January 4, 2010

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

**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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46, as of and for the year ended June 30, 2008, which collectively comprise the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's basic financial statements and have issued our report thereon dated January 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46'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 and not for the purpose of expressing an opinion on the effectiveness of the Regional Office of Education #46's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #46's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting, 08-1, 08-2, and 08-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However of the significant deficiencies described above, we consider item 08-1 to be a material weakness.

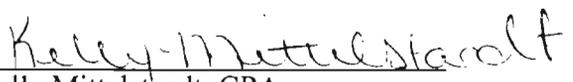
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #46'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 08-3.

We also noted certain matters which we have reported to management of the Regional Office of Education #46 in a separate letter dated January 4, 2010.

Regional Office of Education #46's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education #46's responses and, accordingly, we express no opinion on them.

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


Kelly Mittelstaedt, CPA
January 4, 2010

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
Not Applicable
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
Not Applicable

Type of auditor's report issued on compliance for major programs: Not Applicable

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes no
Not Applicable

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Not Applicable

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no
Not Applicable

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-1 – Controls Over Financial Statement Preparation (Repeat from 2007 – No. 07-9)

Criteria/Specific Requirement:

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education #46 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records noted the following:

- The Regional Office had not recorded required accruals for interest in the amount of \$11,355 and for accounts payable in the amount of \$6,799.
- The Regional Office did not have adequate controls over the classification of revenues as federal, State, or local and some revenue was misclassified.

Effect:

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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-1 – Controls Over Financial Statement Preparation (Repeat from 2007 – No. 07-9) (Concluded)

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

Auditor's Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #46 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

The interest accruals had been recorded in the system, but because this was earned on a 12 month CD that fell into two fiscal years, it was not broken out to the appropriate fiscal year. The classification of revenues for federal, State, or local was partially due to our role as a sub-contractor on some grants. It was not clear to us what the source of funds were. We are now aware of these situations and they are no longer an issue. We continue to work with outside support individuals to assist our bookkeeper in order to try and stay current with federal standards. While we have had some difficulty with accounting practices, we have always used the funds we receive for the purposes they were intended.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-2 – Inadequate Controls Over Property and Equipment (Repeat from 2007 – No. 07-6)

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual requires each ROE to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more. Generally accepted accounting principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

The ROE Accounting Manual also states that the fixed asset inventory records should include: the inventory control number (tag number); major asset class; function and activity; reference to the acquisition source document; acquisition date; vendor; a short description of the asset; unit charged with custody; location; fund and account from which purchased; method of acquisition; estimated useful life and method of depreciation; estimated salvage value; and date, method, and authorization of disposition.

In addition, the Illinois State Board of Education's *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* requires that property records must be maintained that include:

- Description of the property;
- Serial number or other identification number;
- Source of property;
- Who holds title;
- Acquisition date and cost of property;
- Percentage of state/federal participation in the cost of the property;
- Location, use and condition of the property; and
- Disposition date including the date of disposal and sale price of the property.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-2 – Inadequate Controls Over Property and Equipment (Repeat from 2007 – No. 07-6) (Continued)

Sound internal controls require that policies and procedures over fixed assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied.

Condition:

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 did not have adequate controls over fixed assets.

The equipment listing provided by the Regional Office was inaccurate and incomplete. Many of the items on the listing were missing the inventory control number, the unit charged with custody, and the asset's location. None of the items on the listing included the required elements of major asset class, function and activity, acquisition date, percentage of State/federal participation, or fund and account from which the asset was purchased. In addition, auditors noted the following in tests of fixed assets:

- Two of six items tested, which were included on the asset listing, could not be located. One of the items was a camera. ROE personnel produced a camera, but the serial number did not match to any camera on the listing. The second was an overhead projector.
- In four instances, there were discrepancies in the amount recorded as expenditure of capital outlay between the general ledger and the capitalized fixed asset listing.
- The Regional Office recycled several old computers and electronic equipment in October of 2007. Regional Office employees could not provide information about what equipment or how much equipment was picked up, and therefore, was unable to determine which disposed assets should have been removed from the property listing.
- Because the ROE had not tracked assets by fund or funding source, it could not check with its granting agency before disposing of assets.
- There were inconsistencies in the amount recorded as the purchase price of assets. For example, some asset costs appropriately included shipping and handling costs and others did not.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statements Findings:

FINDING NO. 08-2 – Inadequate Controls Over Property and Equipment (Repeat from 2007 – No. 07-6) (Continued)

Effect:

The absence of a sound system of internal controls over fixed assets can result in inaccurate reporting of fixed assets and inadequate physical control for equipment items. An incomplete fixed asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

Cause:

According to Regional Office management, there was a policy to track fixed asset inventory, however, steps had never been taken to assign specific responsibility for each step to individuals. Consequently, no one was aware of who was responsible for each step.

Auditor's Recommendation:

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 should adhere to the ROE Accounting Manual fixed asset policy and procedures to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

The fixed asset listing should be completed to include all the details required by the ROE Accounting Manual and the Illinois State Board of Education's *State and Federal Grant Administration Policy*. The listing should be checked for accuracy and existence through an annual physical inventory. Reconciliation should be performed between the fixed asset listing and the recorded capital outlay expenditures for the year. All reconciling items should be disposed of in a timely manner. Regional Office personnel should also review criteria for capitalization of fixed assets to ensure the amount being capitalized is accurate.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-2 – Inadequate Controls Over Property and Equipment (Repeat from 2007 – No. 07-6) (Concluded)

Management's Response:

The ROE has policies and procedures for dealing with its fixed assets and also the other supplies used within the programs it is responsible for. Although we agree with the exceptions noted in the finding, the fact that our audit process took almost 12 months created some confusion as to what corrective actions the ROE has taken and to which fiscal year they apply. We do keep a record of what we have, but not to the specificity that is required. We are a small office with little equipment and while we were aware of what was recycled, we did not keep a serial number listing for each item. We continue to update our processes in order to comply, but we do on occasion have something come up missing even though we make every effort to see that it does not.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-3 – Failure to Remit Interest Earned

Criteria/Specific Requirement:

U.S. Department of Education regulations appear in 34 Code of Federal Regulations (CFR). Part 80.21 of 34 CFR is titled: “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.” It is also known as the “Common Rule” because most federal agencies have adopted it in their regulations. The “Common Rule” states that the annual interest earned in excess of \$100 on advances of funds must be submitted promptly, at least quarterly, to the granting agency. Additionally, the Grant Funds Recovery Act (30 ILCS 705/1 *et seq.*) states that interest earned on grant funds becomes part of the grant principal and is treated accordingly for all purposes unless the grant agreement and/or the grant regulations provide otherwise. The Act further states that any grant funds not expended (or legally obligated) by the end of the grant period must be returned to the grantor. This applies to State and federal grants.

Generally, federal rules supersede those of the State (for federal grants only). If a federal rule allows different treatment of interest, then the federal rule would be followed.

Condition:

The Regional Office of Education #46 did not remit interest earned on grant funds to the granting agency. This included interest for the federal program, Title I – Grants to Local Educational Agencies (System of Support). The Regional Office allocated interest to its various programs during fiscal year 2008 but did not remit it to the granting agencies in accordance with applicable laws and regulations. The ROE earned interest on both State and federal awards that should have been remitted at least quarterly to the granting agency in the following amounts:

State grants	\$1,450
Federal awards	\$1,745

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-3 – Failure to Remit Interest Earned (Continued)

Effect:

The Regional Office was not in compliance with 34 Code of Federal Regulations or the Grant Funds Recovery Act. The total amount of State and federal interest which was not remitted to the granting agency was \$3,195.

Cause:

Regional Office of Education #46 had established a system to allocate interest earned in their commingled cash account to each fund but had not established a system to assure that interest was returned to the granting agency.

Auditor's Recommendation:

We recommended that the Regional Office of Education #46 should follow the appropriate State and federal statutes and regulations and remit any interest earned back to the granting agency in accordance with the requirements of the Grant Funds Recovery Act and 34 Code of Federal Regulations.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section II: Financial Statement Findings:

FINDING NO. 08-3 – Failure to Remit Interest Earned (Concluded)

Management's Response:

At this time, with the assistance of an outside consultant, we have made restitution to all entities that we owed and have since set up practice in our bookkeeping system to do this as per the requirements of Grant Funds Recovery Act and 34 Code of Federal Regulations.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

Section III: Findings and Questioned Costs for Federal Awards:

Not Applicable

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2008**

FINDING NO. 08-1 – Controls Over Financial Statement Preparation (Repeat from 2007 – No. 07-9)

Condition:

The Regional Office of Education #46 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records noted the following:

- The Regional Office had not recorded required accruals for interest in the amount of \$11,355 and for accounts payable in the amount of \$6,799.
- The Regional Office did not have adequate controls over the classification of revenues as federal, State, or local and some revenue was misclassified.

Plan:

The Regional Office of Education continues to update its' policies and procedures with the assistance of outside consultants.

Anticipated Date of Completion:

June 30, 2010

Name of Contact Person:

Honorable Stephen Breese, Regional Superintendent

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2008**

FINDING NO. 08-2 – Inadequate Controls Over Property and Equipment (Repeat from 2007 – No. 07-6)

Condition:

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 did not have adequate controls over fixed assets.

The equipment listing provided by the Regional Office was inaccurate and incomplete. Many of the items on the listing were missing the inventory control number, the unit charged with custody, and the asset's location. None of the items on the listing included the required elements of major asset class, function and activity, acquisition date, percentage of State/federal participation, or fund and account from which the asset was purchased. In addition, auditors noted the following in tests of fixed assets:

- Two of six items tested, which were included on the asset listing, could not be located. One of the items was a camera and ROE personnel produced a camera, but the serial number did not match to any camera on the listing. The second was an overhead projector.
- In four instances, there were discrepancies in the amount recorded as expenditure of capital outlay between the general ledger and the capitalized fixed asset listing.
- Electronic equipment was picked up by a recycling vendor who was paid \$100 by the ROE. Regional Office employees could not provide information about what equipment or how much equipment was picked up, and therefore, were unable to determine which disposed assets should have been removed from the property listing.
- Because the ROE had not tracked assets by fund or funding source, it could not check with its granting agency before disposing of assets.
- There were inconsistencies in the amount recorded as the purchase price of assets. For example, some asset costs appropriately included shipping and handling costs and others did not.

Plan:

The Regional Office will revise its' fixed asset listing to include the additional areas that were mentioned.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2008**

FINDING NO. 08-2 – Inadequate Controls Over Property and Equipment (Repeat from 2007 – No. 07-6)

Anticipated Date of Completion:

June 30, 2010

Name of Contact Person:

Honorable Stephen Breese, Regional Superintendent

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2008**

FINDING NO. 08-3 – Failure to Remit Interest Earned

Condition:

The Regional Office of Education #46 did not remit interest earned on grant funds to the granting agency. This included interest for the federal program, Title I – Grants to Local Educational Agencies (System of Support). The Regional Office allocated interest to its various programs during fiscal year 2008 but did not remit it to the granting agencies in accordance with applicable laws and regulations. The ROE earned interest on both State and federal awards that should have been remitted at least quarterly to the granting agency in the following amounts:

State grants	\$1,450
Federal awards	\$1,745

Plan:

The Regional Office will work to clarify all sources of funds as we receive them and follow the appropriate guidelines for each.

Anticipated Date of Completion:

June 30, 2010

Name of Contact Person:

Honorable Stephen Breese, Regional Superintendent

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 June 30, 2008**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
07-1	Controls Over Compliance with Laws and Regulations	Implemented
07-2	Inaccurate Expenditure Report	Implemented
07-3	Improper Expenditure Classification	Implemented
07-4	Reconciliation of Pooled Cash Account	Implemented
07-5	Undercollateralization of Bank Accounts	Implemented
07-6	Inadequate Controls Over Property and Equipment	Repeat 08-2
07-7	Failure to Allocate Interest Earned	(See Note Below)
07-8	Inadequate Internal Control Procedures	(See Note Below)
07-9	Controls Over Financial Statement Preparation	Repeat 08-1

NOTE: Although the Regional Office of Education #46 has not fully implemented the corrective action plan associated with this finding during fiscal year 2008, they have made significant progress in addressing the condition. Therefore, the effect of the condition is inconsequential to the specific programs and the overall financial statements and is now being addressed in a separate letter January 4, 2010.

BASIC FINANCIAL STATEMENTS

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current:		
Cash (overdrafts) and cash equivalents	\$ 905,272	905,272
Other accrued revenue	11,355	11,355
Due from other governments	4,040	4,040
Total current assets	<u>920,667</u>	<u>920,667</u>
Noncurrent:		
Capital assets, being depreciated, net	<u>32,684</u>	<u>32,684</u>
Total assets	<u>953,351</u>	<u>953,351</u>
LIABILITIES		
Current:		
Accounts payable	85,988	85,988
Accrued expenses	6,800	6,800
Due to other governments	6,145	6,145
Deferred revenue	96,659	96,659
Total liabilities	<u>195,592</u>	<u>195,592</u>
NET ASSETS		
Investment in capital assets, net of related debt	32,684	32,684
Unrestricted	694,491	694,491
Restricted for teacher professional development	<u>30,584</u>	<u>30,584</u>
Total net assets	<u><u>\$ 757,759</u></u>	<u><u>\$ 757,759</u></u>

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

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Assets	
		Operating Grants and Contributions	Primary Governmental Activities	Total
Primary government:				
Governmental activities:				
Instructional services:				
Salaries	\$ 899,030	625,251	(273,779)	\$ (273,779)
Benefits	204,744	142,393	(62,351)	(62,351)
Purchased services	194,864	135,523	(59,341)	(59,341)
Supplies and materials	82,829	57,606	(25,223)	(25,223)
Capital outlay	1,304	3,970	2,666	2,666
Miscellaneous	11,625	8,085	(3,540)	(3,540)
Payments to other governments	16,748	11,647	(5,101)	(5,101)
Depreciation expense	6,749	-	(6,749)	(6,749)
Administrative:				-
On-behalf payments	241,152	-	(241,152)	(241,152)
Total primary government	1,659,045	984,475	(674,570)	(674,570)
General revenues:				
Local sources			215,319	215,319
Interest income			52,354	52,354
On-behalf payments			241,152	241,152
Total general revenues			508,825	508,825
CHANGE IN NET ASSETS			(165,745)	(165,745)
NET ASSETS, BEGINNING OF YEAR			923,504	923,504
NET ASSETS, END OF YEAR			\$ 757,759	\$ 757,759

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

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

EXHIBIT C

	General Fund	Education Fund	Alternative Schools Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 86,617	\$ 128,976	\$ 657,149	\$ 32,530	\$ 905,272
Other accrued revenue	-	-	11,355	-	11,355
Due from other governments	-	4,040	-	-	4,040
TOTAL ASSETS	\$ 86,617	\$ 133,016	\$ 668,504	\$ 32,530	\$ 920,667
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 16,133	\$ 69,855	\$ -	\$ 85,988
Accrued expenses	6,800	-	-	-	6,800
Due to other governments	-	6,145	-	-	6,145
Deferred revenue	-	96,659	-	-	96,659
Total liabilities	6,800	118,937	69,855	-	195,592
FUND BALANCES					
Unreserved, reported in:					
General fund	79,817	-	-	-	79,817
Special revenue funds	-	14,079	598,649	32,530	645,258
Total fund balances	79,817	14,079	598,649	32,530	725,075
TOTAL LIABILITIES AND FUND BALANCES	\$ 86,617	\$ 133,016	\$ 668,504	\$ 32,530	\$ 920,667

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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2008**

Total fund balances - governmental funds (page 27)	\$ 725,075
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>32,684</u>
Net assets of governmental activities (page 25)	<u><u>\$ 757,759</u></u>

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

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	<u>General Fund</u>	<u>Education Fund</u>	<u>Alternative Schools Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local sources	\$ 188,443	\$ 475	\$ 10,062	\$ 16,339	\$ 215,319
State sources	70,861	307,582	544,671	4,600	927,714
Federal sources	-	37,953	18,808	-	56,761
Interest income	6,399	4,506	40,609	840	52,354
On-behalf payments	241,152	-	-	-	241,152
Total revenues	<u>506,855</u>	<u>350,516</u>	<u>614,150</u>	<u>21,779</u>	<u>1,493,300</u>
EXPENDITURES:					
Instructional services:					
Salaries	207,231	185,145	505,654	1,000	899,030
Benefits	61,845	45,042	97,781	76	204,744
Purchased services	60,146	69,974	55,911	8,833	194,864
Supplies and materials	23,913	44,803	11,103	3,010	82,829
Miscellaneous	5,667	110	1,438	4,410	11,625
Payments to other governments	-	13,480	-	3,268	16,748
On-behalf payments	241,152	-	-	-	241,152
Capital outlay	735	1,840	2,632	500	5,707
Total expenditures	<u>600,689</u>	<u>360,394</u>	<u>674,519</u>	<u>21,097</u>	<u>1,656,699</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(93,834)</u>	<u>(9,878)</u>	<u>(60,369)</u>	<u>682</u>	<u>(163,399)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	1,971	15,709	12,524	186	30,390
Transfers out	(2,010)	(5,060)	(23,320)	-	(30,390)
Total other financing sources (uses)	<u>(39)</u>	<u>10,649</u>	<u>(10,796)</u>	<u>186</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(93,873)	771	(71,165)	868	(163,399)
FUND BALANCE, BEGINNING OF YEAR	<u>173,690</u>	<u>13,308</u>	<u>669,814</u>	<u>31,662</u>	<u>888,474</u>
FUND BALANCE, END OF YEAR	<u>\$ 79,817</u>	<u>\$ 14,079</u>	<u>\$ 598,649</u>	<u>\$ 32,530</u>	<u>\$ 725,075</u>

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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2008**

Net change in fund balances (page 29) \$ (163,399)

Amounts reported for governmental activities in the
 Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However,
 in the Statement of Activities the cost of those assets is allocated
 over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 4,403		
Depreciation expense	<u>(6,749)</u>	<u>(2,346)</u>	

Change in net assets of governmental activities (page 26) \$ (165,745)

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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 is an entity that is a result of two Educational Service Regions becoming a Regional Office of Education as of August 7, 1995. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education #46 encompasses the Brown, Cass, Morgan, and Scott Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the Regional Office of Education #46 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

The functions of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 include, but are not limited to the following:

- processing teachers' certificates;
- teaching initial and refresher classes for school bus drivers within the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46;
- reviewing life/safety requirements for schools in conjunction with the State of Illinois;
- issuing newsletters regarding new Illinois life/safety requirements; and
- monitoring compliance with State laws and Department of Education policies and procedures.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to: providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health, and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 has no distributive fund since the State of Illinois maintains responsibility for the function of distributing State and federal aid to individual school districts.

The financial statements of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Concluded)

For financial reporting purposes, the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 has included all funds, organizations, agencies, boards, commissions and authorities. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 are such that exclusion would cause the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 has no component units that meet the Governmental Accounting Standards Board criteria and is not a component unit of any other entity.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the activities of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

The Statement of Net Assets presents the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

Restricted net assets result when constraints placed on net asset use are 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 that can be removed or modified.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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 and 2) grants, contributions, and interest restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

Governmental Funds

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.

General Fund - The General Fund is the operating fund of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The following funds comprise the General Fund:

County Support – to account for local revenues and disbursements related to County support.

ROE/ISC Operations - to account for a grant that provides operating funds for the Region.

Gifted District Fund – to account for local revenues and disbursements related to the Gifted education program.

School Directory – to account for local revenues and disbursements related to publishing the school directory.

IPTIP – to account for interest revenues on state payments made through the FRIS & Illinois Funds to this office.

Spelling Bee Fund – to account for local area business donations that provide funding related to operating spelling bee events.

Distributive Interest Fund - to account for interest from former Distributive Fund funds that are to be used for general operations that benefit all counties in the Region.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Media Center (Formerly the Film Coop Fund) – to account for library and video materials available to all the districts in the Region.

Identix Fingerprinting Fund - to account for a fee assessed to Districts and the expenses associated with providing background check/fingerprinting services.

Workshop Fund - to account for various workshops held to benefit school districts within the Region.

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

Education Fund – to account for State and federal grant monies received for, and payment of, expenditures incurred in administering numerous grant awards which include:

ROE/ISC School Improvement Fund - to account for costs associated with improving school programs and policies for the districts within the Region.

Dental Sealant Fund - to account for the costs associated with providing the dental sealant program to Morgan and Scott County schools.

Truants Alternative/Optional Education Fund - to account for a grant that provides truancy guidance and alternative education options for applicable students within the Region.

Regional Safe Schools Fund - to account for a grant that provides additional staff and materials for the alternative schools in the Region.

Step by Step Fund - to account for a grant that provides training for various school improvement approaches within the Region.

Title I - Reading First Part B SEA Fund - to account for a grant that promotes the importance of reading development for the students within the Region.

McKinney Education for Homeless Children Fund - to account for a grant that provides assistance for homeless children within school districts.

Standards Aligned Classroom Fund - to account for reimbursements for providing services to schools for aligning classrooms to the standards.

Title V - Innovative Programs Fund - to account for a grant to provide professional development opportunities for teachers.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Title IV - Safe and Drug Free Schools - Formula Fund - to account for a grant to provide teachers with professional development opportunities related to maintaining a safe and drug free school.

Title II - Teacher Quality Fund - to account for a grant to provide professional development opportunities for teachers.

Teen Reach - Department of Health and Human Services (DHHS) Fund - to account for a grant to provide a teen reach after school program for students in the Region.

Lice Busters Fund - to account for a grant that provides lice treatment for students within the Region.

Feasibility Study - to fund a Reorganization Feasibility Study for Triopia CUSD 27/ Virginia CUSD 64/ Meredosia-Chambersburg CUSD 11 and Scott-Morgan CUSD 2.

Alternative Schools Fund - to account for the activities and programs of the alternative schools within the Region. The following funds comprise the Alternative Schools Fund:

Registration Fees Fund – to account for local revenues and disbursements related to the alternative school programs.

Paid Lunches Fund – to account for local revenues and disbursements related to school lunches.

State Lunch Fund – to account for state revenues and disbursements related to school lunches.

National School Lunch Fund – to account for federal revenues and disbursements related to school lunches.

State Aid Fund – to account for State revenues and disbursements related to general state aid.

Nonmajor Special Revenue Funds - the following special revenue funds are non-major governmental funds:

Institute Fund - to account for activities associated with the recertification process for teachers, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver Fund - to account for the testing and training of bus drivers for the districts within the Region.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Concluded)

General Education Development Fund - to account for administration of General Education Development testing for applicants within the Region.

Supervisory Fund - to account for monies that are used by the Regional Superintendent and the Assistant Regional Superintendent for travel and other related expenses.

Job Bank Fund - This fund is used to account for a fee assessed to Districts and the expenses associated with posting job openings on the State website.

ROE Program Support Fund - This fund is used to account for local support for after school programs in the Region.

C. Measurement Focus and Basis of Accounting

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

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 to be 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 after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Concluded)

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 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 resources available to finance the program. It is the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash and cash equivalents - Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 considers all investments in certificates of deposit with maturities within one year to be cash equivalents.

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

Capital assets - Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

Deferred revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Fund Equity (Concluded)

be used to pay liabilities of the current period. Deferred revenue consists of unexpended grant proceeds.

Compensated absences – Regular full-time employees who work 12 calendar months earn up to 20 vacation days for a full year of service. Employees who work less than 12 calendar months per year do not earn vacation days. Any accruals of June 30th are considered immaterial by management and are not reflected in the basic financial statements. Employees receive up to 10 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

Fund equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted net assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Estimates – The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as supplementary information.

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 did not formally adopt a budget for the year ended June 30, 2008 and is not legally required to do so. The Illinois State Board of Education and Department of Human Services require budgets for certain programs. These budgets were used to prepare budgetary comparison schedules for the following programs: ROE/ISC Operations Fund, Truants Alternative/Optional Education Fund, Regional Safe Schools Fund, Title IV - Safe and Drug Free Schools - Formula Fund, Title II - Teacher Quality Fund and McKinney Education for Homeless Children Fund.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposit and investment of monies is governed by the provisions of the Illinois Compiled Statutes (30 ILCS-235/2 and 6 and 105 ILCS-5/8-7). At June 30, 2008, the carrying amount of the deposits was \$905,272 (net of overdrafts) and the bank balance was \$966,050.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

Deposits

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's deposits may not be returned. Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 does not have a deposit policy for custodial credit risk. Of the total bank balances as of June 30, 2008, \$234,265 was secured by federal depository insurance and \$727,241 was collateralized by securities pledged by the Regional Office of Education #46's financial institution on behalf of the Regional Office.

Investments

Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2008, Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 had investments with carrying and fair values of \$4,544 invested in the Illinois Funds Money Market Fund.

Credit risk - At June 30, 2008 the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest rate risk - The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a 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 investments shall have less than one-year maturity and no investment shall exceed two years maturity.

Concentration of credit risk - Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 3 - DUE FROM/TO OTHER GOVERNMENTS

The detail of due from/to other governments for the year ended June 30, 2008 is as follows:

	Due From	Due To
Education Fund		
Title I – Reading First Part B SEA Fund		
Illinois State Board of Education	\$ -	\$ 6,145
McKinney Education for Homeless Children Fund		
Regional Office of Education #26	4,040	-
Hancock and McDonough Counties		
Total	\$ 4,040	\$ 6,145

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 is as follows:

	Unaudited Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Furniture and equipment	\$ 99,038	\$ 4,403	\$ 22,589	\$ 80,852
Less accumulated depreciation	64,008	6,749	22,589	48,168
Total capital assets, net	\$ 35,030	\$ (2,346)	\$ -	\$ 32,684

Depreciation expense was charged as follows:

Governmental activities:	
Depreciation expense	\$ 6,749

NOTE 5 – OPERATING LEASE

Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 has not entered into any capital lease agreements as lessee for financing. The Regional Office of Education entered into an operating lease agreement for its Beardstown Office which is renewed annually. Rent expense for FY 2008 was \$6,000.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Teacher's Retirement System of the State of Illinois

The Regional Office of Education #46 participates in the Teachers' Retirement System of the State of Illinois (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 legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the 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 nonannuitants 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, 2008, 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. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #46's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #46. For the year ended June 30, 2008, the State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #46, recognized revenue and expenditures of \$35,978 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 9.78 percent (\$35,226) and 7.06 percent (\$36,338), respectively.

The State contributions to TRS for the year ended June 30, 2008 were based on an actuarial formula. The State contributions to TRS for years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined.

The Regional Office of Education #46 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. The rate is specified by statute. The contribution for the year ended June 30, 2008 was \$2,358. Contributions for the years ending June 30, 2007 and June 30, 2006, were \$2,089 and \$2,246, respectively.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #46, there is a statutory requirement for the Regional Office of Education #46 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in 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, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2007 and June 30, 2006, the employer pension contribution was 9.78 percent and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the years ended June 30, 2008 and June 30, 2007, there were no salaries paid from federal and special trust funds. For the year ended June 30, 2006 the required contribution for the Regional Office of Education #46 was \$2,995.
- **Early Retirement Option.** The Regional Office of Education #46 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a “Pipeline ERO” program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members did not meet these conditions, they can retire under the “Modified ERO” program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies in the Pipeline ERO).

Under the Pipeline ERO program, the maximum employer contribution was 100 percent of the member’s highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2008, the Regional Office of Education #46 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2007 and 2006, the Regional Office of Education #46 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 the actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

For the years ended June 30, 2008, June 30, 2007, and June 30, 2006, the Regional Office of Education #46 paid \$0 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 (17.62 percent of salary during the year ended June 30, 2008). For the years ended June 30, 2008, and June 30, 2007, the Regional Office of Education #46 paid \$0 in employer contributions for sick leave days.

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, 2008. The report may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at www.trs.illinois.gov.

Illinois Municipal Retirement Fund

Plan Description. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #46's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #46's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 7.57 percent of annual covered payroll. The Regional Office of Education #46 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits are set by statute.

Annual Pension Cost. For 2007, the Regional Office of Education #46's annual pension cost of \$24,643 for the regular plan was equal to Regional Office of Education #46's required and actual contributions.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Concluded)

THREE-YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 24,643	100%	\$ 0
12/31/06	30,337	100%	0
12/31/05	24,415	100%	0

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0 % per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #46's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Regional Office of Education #46's regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the regular plan was 101.09 percent funded. The actuarial accrued liability for benefits was \$797,286 and the actuarial value of assets was \$805,955, resulting in an overfunded actuarial accrued liability (UAAL) of \$8,669. The covered payroll (annual payroll of active employees covered by the plan) was \$325,530 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

NOTE 7 - DEFICIT FUND BALANCES

The following funds had deficit fund balances at June 30, 2008. The deficits will be covered by normal operations or fund transfers.

General Fund	
Identix Fingerprinting Fund	\$ <u>(1,752)</u>
Total Deficit Fund Balances	\$ <u>(1,752)</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 8 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The State of Illinois and the respective employees also pay pension plan contributions associated with these salaries. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 pays all other salaries.

On-behalf payments are as follows:

Regional Superintendent - salary	\$ 101,218
Regional Superintendent - benefits (includes State paid insurance)	13,985
Assistant Regional Superintendent - salary	80,553
Assistant Regional Superintendent - benefits (includes State paid insurance)	9,418
TRS on-behalf payments	<u>35,978</u>
Total on-behalf payments	<u><u>\$ 241,152</u></u>

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

NOTE 9 - NEW PRONOUNCEMENTS

Effective July 1, 2007, the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 adopted the following pronouncements:

- GASB Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and 27*, which aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This statement amends applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*.
- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing.

There was no significant impact on the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's financial statements as a result of adopting the above statements.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10 – INTERFUND TRANSACTIONS

(a) Transfers In (Out) Other Funds

The following is a summary of transfers for the year ended June 30, 2008:

<u>Fund</u>	<u>Transfers-out</u>	<u>Transfers-in</u>
General Fund		
County Support	\$ 1,797	174
ROE/ISC Operations	-	461
Gifted District	-	629
IPTIP	174	-
Spelling Bee	39	-
Distributive Interest	-	707
Education Fund		
ROE/ISC School Improvement	306	1,393
Truants Alternative/Optional Education	-	4,415
Regional Safe Schools	-	5,711
Step by Step	4,040	-
Standards Aligned Classroom	-	4,040
Title V – Innovative Programs	-	150
Teen Reach – DHHS	514	-
Feasibility Study	200	-
Alternative Schools Fund		
Registration Fees	4,282	-
Paid Lunches	3,338	-
State Lunch	753	-
National School Lunch	4,112	-
State Aid	10,835	12,524
Nonmajor Special Revenue Fund		
Supervisory	-	30
ROE Program Support	-	156
Total	<u>\$ 30,390</u>	<u>\$ 30,390</u>

Transfers between accounts were due to the Regional Office correcting beginning cash balances as a result of the disclaimer of opinion in the prior fiscal year report and the closing of several accounts at the end of the fiscal year.

NOTE 11 – FUND RECLASSIFICATIONS

The Regional Office of Education #46 has reclassified the Media Center (Formerly the Film Coop Fund), Identix Fingerprinting Fund, and Workshop Fund, which were previously reported under the Non-Major Special Revenue Funds, to the General Fund. Management believes this more appropriately reflects the purpose of those funds. The impact of the fund reclassifications is a decrease in the Non-Major Special Revenue Fund and a related increase in the General Fund fund balance of \$3,277.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than Management's Discussion and Analysis)

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FUNDING PROGRESS - IMRF (Unaudited)
June 30, 2008**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
12/31/07	\$ 805,955	\$ 797,286	\$ (8,669)	101.09%	\$ 325,530	0.00 %
12/31/06	709,954	704,259	(5,695)	100.81%	305,817	0.00 %
12/31/05	620,006	610,067	(9,939)	101.63%	390,022	0.00 %

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$841,997. On a market basis, the funded ratio would be 105.61 %.

***Digest of Changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

OTHER SUPPLEMENTARY INFORMATION

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2008

SCHEDULE 1

	<u>County Support</u>	<u>ROE/ISC Operations</u>	<u>Gifted District Fund</u>	<u>School Directory</u>	<u>IPTIP</u>	<u>Spelling Bee Fund</u>	<u>Distributive Interest Fund</u>	<u>Media Center</u>	<u>Identix Fingerprinting Fund</u>	<u>Workshop Fund</u>	<u>Total</u>
ASSETS											
Cash (overdrafts) and cash equivalents	\$ 84,193	\$ -	\$ -	\$ -	\$ -	\$ 71	\$ -	\$ 2,607	\$ (1,752)	\$ 1,498	\$ 86,617
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Expenses	6,800	-	-	-	-	-	-	-	-	-	6,800
Total liabilities	6,800	-	-	-	-	-	-	-	-	-	6,800
FUND BALANCES											
Unreserved	77,393	-	-	-	-	71	-	2,607	(1,752)	1,498	79,817
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 84,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ (1,752)</u>	<u>\$ 1,498</u>	<u>\$ 86,617</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2008**

	County Support	ROE/ISC Operations	Gifted District Fund	School Directory	IPTIP	Spelling Bee Fund	Distributive Interest Fund	Media Center	Identix Fingerprinting Fund	Workshop Fund	Total
REVENUES:											
Local sources	\$ 140,267	\$ -	\$ 24,685	\$ 750	\$ -	\$ 575	\$ -	\$ 14,722	\$ 6,704	\$ 740	\$ 188,443
State sources	-	70,861	-	-	-	-	-	-	-	-	70,861
Interest Income	5,860	175	77	-	174	-	-	20	-	93	6,399
On-behalf payments	-	241,152	-	-	-	-	-	-	-	-	241,152
Total revenues	<u>146,127</u>	<u>312,188</u>	<u>24,762</u>	<u>750</u>	<u>174</u>	<u>575</u>	<u>-</u>	<u>14,742</u>	<u>6,704</u>	<u>833</u>	<u>506,855</u>
EXPENDITURES:											
Education:											
Salaries	138,730	50,000	18,501	-	-	-	-	-	-	-	207,231
Benefits	44,664	16,913	268	-	-	-	-	-	-	-	61,845
Purchased services	40,516	3,236	4,647	750	-	34	600	1,575	7,668	1,120	60,146
Supplies and materials	7,783	920	2,740	-	-	470	-	12,000	-	-	23,913
Capital Outlay	-	-	-	-	-	-	-	735	-	-	735
Miscellaneous	5,455	-	-	-	-	-	107	-	-	105	5,667
On-behalf payments	-	241,152	-	-	-	-	-	-	-	-	241,152
Total expenditures	<u>237,148</u>	<u>312,221</u>	<u>26,156</u>	<u>750</u>	<u>-</u>	<u>504</u>	<u>707</u>	<u>14,310</u>	<u>7,668</u>	<u>1,225</u>	<u>600,689</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(91,021)	(33)	(1,394)	-	174	71	(707)	432	(964)	(392)	(93,834)
OTHER FINANCING SOURCES (USES):											
Transfers in	174	461	629	-	-	-	707	-	-	-	1,971
Transfers out	(1,797)	-	-	-	(174)	(39)	-	-	-	-	(2,010)
Total other financing sources (uses)	<u>(1,623)</u>	<u>461</u>	<u>629</u>	<u>-</u>	<u>(174)</u>	<u>(39)</u>	<u>707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39)</u>
NET CHANGES IN FUND BALANCES	(92,644)	428	(765)	-	-	32	-	432	(964)	(392)	(93,873)
FUND BALANCE, BEGINNING OF YEAR	<u>170,037</u>	<u>(428)</u>	<u>765</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>2,175</u>	<u>(788)</u>	<u>1,890</u>	<u>173,690</u>
FUND BALANCE, END OF YEAR	<u>\$ 77,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ (1,752)</u>	<u>\$ 1,498</u>	<u>\$ 79,817</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
Year Ended June 30, 2008**

Schedule 3

ROE/ISC Operations Fund				
	Budgeted Amounts		Fund	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual Amounts	
REVENUES:				
State sources	68,981	70,861	70,861	-
Interest income	-	-	175	175
On-behalf payments	-	-	241,152	241,152
Total revenues	<u>68,981</u>	<u>70,861</u>	<u>312,188</u>	<u>241,327</u>
EXPENDITURES:				
Salaries	50,000	50,000	50,000	-
Benefits	16,913	16,913	16,913	-
Purchased services	1,068	2,948	3,236	(288)
Supplies and materials	1,000	1,000	920	80
On-behalf payments	-	-	241,152	(241,152)
Total expenditures	<u>68,981</u>	<u>70,861</u>	<u>312,221</u>	<u>(241,360)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			<u>(33)</u>	<u>(33)</u>
OTHER FINANCING SOURCES:				
Transfers in			<u>461</u>	
Total other financing sources			<u>461</u>	
NET CHANGES IN FUND BALANCES			428	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>(428)</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ -</u>	

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2008**

SCHEDULE 4

	ROE/ISC School Improvement Fund	Dental Sealant Fund	Fund Alternative/ Optional Education Fund	Regional Safe Schools Fund	Step by Step Fund	Title I - Reading First Part B SEA Fund	McKinney Education for Homeless Children Fund
ASSETS							
Cash (overdrafts) and cash equivalents	\$ 8,041	\$ 4,648	\$ 8,164	\$ 7,969	\$ 95,394	\$ 6,145	\$ (4,019)
Due from other governments	-	-	-	-	-	-	4,040
TOTAL ASSETS	8,041	4,648	8,164	7,969	95,394	6,145	21
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	-	-	8,164	7,969	-	-	-
Due to other governments	-	-	-	-	-	6,145	-
Deferred revenue	-	-	-	-	95,394	-	-
Total liabilities	-	-	8,164	7,969	95,394	6,145	-
FUND BALANCE							
Fund balance, unreserved	8,041	4,648	-	-	-	-	21
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,041	\$ 4,648	\$ 8,164	\$ 7,969	\$ 95,394	\$ 6,145	\$ 21

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2008**

**SCHEDULE 4
(CONTINUED)**

	Standards Aligned Classroom Fund	Title V - Innovative Programs Fund	Title IV - Safe and Drug Free Schools - Formula Fund	Title II - Teacher Quality Fund	Teen Reach - DHHS Fund	Lice Busters Fund	Feasibility Study	Total
ASSETS								
Cash (overdrafts) and cash equivalents	\$ -	\$ -	\$ 169	\$ 1,096	\$ -	\$ 1,369	\$ -	\$ 128,976
Due from other governments	-	-	-	-	-	-	-	4,040
TOTAL ASSETS	-	-	169	1,096	-	1,369	-	133,016
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	-	-	-	-	-	-	-	16,133
Due to other governments	-	-	-	-	-	-	-	6,145
Deferred revenue	-	-	169	1,096	-	-	-	96,659
Total liabilities	-	-	169	1,096	-	-	-	118,937
FUND BALANCE								
Fund balance, unreserved	-	-	-	-	-	1,369	-	14,079
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ -	\$ 169	\$ 1,096	\$ -	\$ 1,369	\$ -	\$ 133,016

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2008

SCHEDULE 5

	ROE/ISC School Improvement Fund	Dental Sealant Fund	Truants Alternative/ Fund Education Fund	Regional Safe Schools Fund	Step by Step Fund	Title I - Reading First Part B SEA Fund	McKinney Education for Homeless Children Fund
REVENUES:							
Local sources	\$ -	\$ 475	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	1,995	126,731	104,908	38,569	-	-
Federal sources	-	-	-	-	26,872	-	10,230
Interest Income	229	128	74	49	3,295	-	22
Total revenues	<u>229</u>	<u>2,598</u>	<u>126,805</u>	<u>104,957</u>	<u>68,736</u>	<u>-</u>	<u>10,252</u>
EXPENDITURES:							
Instructional services							
Salaries	-	-	50,318	61,415	36,928	-	8,320
Benefits	-	-	24,041	19,635	944	-	-
Purchased services	-	1,701	31,407	14,861	14,725	-	1,113
Supplies and materials	-	961	25,454	14,757	1,669	-	798
Capital outlay	-	-	-	-	1,840	-	-
Miscellaneous	-	-	-	-	110	-	-
Payments to other governments	-	-	-	-	8,480	-	-
Total expenditures	<u>-</u>	<u>2,662</u>	<u>131,220</u>	<u>110,668</u>	<u>64,696</u>	<u>-</u>	<u>10,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	229	(64)	(4,415)	(5,711)	4,040	-	21
OTHER FINANCING SOURCES (USES):							
Transfers in	1,393	-	4,415	5,711	-	-	-
Transfers out	(306)	-	-	-	(4,040)	-	-
Total other financing sources (uses)	<u>1,087</u>	<u>-</u>	<u>4,415</u>	<u>5,711</u>	<u>(4,040)</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	1,316	(64)	-	-	-	-	21
FUND BALANCE, BEGINNING OF YEAR	<u>6,725</u>	<u>4,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,041</u>	<u>\$ 4,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2008**

**SCHEDULE 5
(CONTINUED)**

	Standards Aligned Classroom Fund	Title V - Innovative Programs Fund	Title IV - Safe and Drug Free Schools - Formula Fund	Title II - Teacher Quality Fund	Teen Reach - DHHS Fund	Lice Busters Fund	Feasibility Study	Total
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 475
State sources	35,379	-	-	-	-	-	-	307,582
Federal sources	-	-	-	851	-	-	-	37,953
Interest Income	91	-	-	35	514	43	26	4,506
Total revenues	<u>35,470</u>	<u>-</u>	<u>-</u>	<u>886</u>	<u>514</u>	<u>43</u>	<u>26</u>	<u>350,516</u>
EXPENDITURES:								
Instructional services								
Salaries	28,068	-	-	-	-	96	-	185,145
Benefits	407	-	-	-	-	15	-	45,042
Purchased services	5,121	150	-	886	-	10	-	69,974
Supplies and materials	914	-	-	-	-	250	-	44,803
Capital outlay	-	-	-	-	-	-	-	1,840
Miscellaneous	-	-	-	-	-	-	-	110
Payments to other governments	5,000	-	-	-	-	-	-	13,480
Total expenditures	<u>39,510</u>	<u>150</u>	<u>-</u>	<u>886</u>	<u>-</u>	<u>371</u>	<u>-</u>	<u>360,394</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,040)	(150)	-	-	514	(328)	26	(9,878)
OTHER FINANCING SOURCES (USES):								
Transfers in	4,040	150	-	-	-	-	-	15,709
Transfers out	-	-	-	-	(514)	-	(200)	(5,060)
Total other financing sources (uses)	<u>4,040</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>(514)</u>	<u>-</u>	<u>(200)</u>	<u>10,649</u>
NET CHANGES IN FUND BALANCES	-	-	-	-	-	(328)	(174)	771
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	1,697	174	13,308
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,369</u>	<u>\$ -</u>	<u>\$ 14,079</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2008**

SCHEDULE 6

	Fund							
	Truants Alternative/Optional Education Fund				Regional Safe Schools Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	126,731	126,731	126,731	-	104,656	104,908	104,908	-
Federal sources	-	-	-	-	-	-	-	-
Interest income	-	-	74	74	-	-	49	49
Total revenues	<u>126,731</u>	<u>126,731</u>	<u>126,805</u>	<u>74</u>	<u>104,656</u>	<u>104,908</u>	<u>104,957</u>	<u>49</u>
EXPENDITURES:								
Salaries	49,990	49,990	50,318	(328)	61,366	61,366	61,415	(49)
Benefits	25,947	25,947	24,041	1,906	19,560	19,560	19,635	(75)
Purchased services	25,544	25,544	31,407	(5,863)	11,830	11,830	14,861	(3,031)
Supplies and materials	25,250	25,250	25,454	(204)	11,900	12,152	14,757	(2,605)
Total expenditures	<u>126,731</u>	<u>126,731</u>	<u>131,220</u>	<u>(4,489)</u>	<u>104,656</u>	<u>104,908</u>	<u>110,668</u>	<u>(5,760)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			(4,415)				(5,711)	
OTHER FINANCING SOURCES (USES):								
Transfers in			4,415				5,711	
Total other financing sources (uses)			<u>4,415</u>				<u>5,711</u>	
NET CHANGES IN FUND BALANCES			-				-	
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2008

SCHEDULE 6
 (CONTINUED)

	Title IV - Safe and Drug Free Schools - Formula Fund				Title II - Teacher Quality			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	163	163	-	(163)	1,388	1,388	851	(537)
Interest income	-	-	-	-	-	-	35	35
Total revenues	<u>163</u>	<u>163</u>	<u>-</u>	<u>(163)</u>	<u>1,388</u>	<u>1,388</u>	<u>886</u>	<u>(502)</u>
EXPENDITURES:								
Salaries	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-
Purchased services	163	163	-	163	1,388	1,388	886	502
Supplies and materials	-	-	-	-	-	-	-	-
Total expenditures	<u>163</u>	<u>163</u>	<u>-</u>	<u>163</u>	<u>1,388</u>	<u>1,388</u>	<u>886</u>	<u>502</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			-				-	
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Total other financing sources (uses)			<u>-</u>				<u>-</u>	
NET CHANGES IN FUND BALANCES			-				-	
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2008**

**SCHEDULE 6
(CONTINUED)**

	<u>McKinney Education for Homeless Children Fund</u>				<u>Totals</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	231,387	231,639	231,639	-
Federal sources	10,100	10,100	10,230	130	11,651	11,651	11,081	(570)
Interest income	-	-	22	22	-	-	180	180
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>10,252</u>	<u>152</u>	<u>243,038</u>	<u>243,290</u>	<u>242,900</u>	<u>(390)</u>
EXPENDITURES:								
Salaries	7,600	7,600	8,320	(720)	118,956	118,956	120,053	(1,097)
Benefits	-	-	-	-	45,507	45,507	43,676	1,831
Purchased services	1,700	1,700	1,113	587	40,625	40,625	48,267	(7,642)
Supplies and materials	800	800	798	2	37,950	38,202	41,009	(2,807)
Total expenditures	<u>10,100</u>	<u>10,100</u>	<u>10,231</u>	<u>(131)</u>	<u>243,038</u>	<u>243,290</u>	<u>253,005</u>	<u>(9,715)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			21				(10,105)	
OTHER FINANCING SOURCES (USES):								
Transfers in			-				10,126	
Total other financing sources (uses)			<u>-</u>				<u>10,126</u>	
NET CHANGES IN FUND BALANCES			21				21	
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ 21</u>				<u>\$ 21</u>	

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 COMBINING SCHEDULE OF ACCOUNTS
 ALTERNATIVE SCHOOLS FUND
 June 30, 2008**

SCHEDULE 7

	Fund					
	<u>Registration Fees Fund</u>	<u>Paid Lunches Fund</u>	<u>State Lunch Fund</u>	<u>National School Lunch Fund</u>	<u>State Aid Fund</u>	<u>Total</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 657,149	\$ 657,149
Other accrued revenue	-	-	-	-	11,355	11,355
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668,504</u>	<u>\$ 668,504</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	-	-	69,855	69,855
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,855</u>	<u>69,855</u>
FUND BALANCE						
Fund balance, unreserved	-	-	-	-	598,649	598,649
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668,504</u>	<u>\$ 668,504</u>

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALTERNATIVE SCHOOLS FUND ACCOUNTS
Year Ended June 30, 2008

SCHEDULE 8

	Registration Fees Fund	Paid Lunches Fund	State Lunch Fund	National School Lunch Fund	State Aid Fund	Total
REVENUES:						
Local sources	\$ 6,690	\$ 3,372	\$ -	\$ -	\$ -	\$ 10,062
State sources	-	-	744	-	543,927	544,671
Federal sources	-	-	-	18,808	-	18,808
Interest income	86	36	9	57	40,421	40,609
Total revenues	<u>6,776</u>	<u>3,408</u>	<u>753</u>	<u>18,865</u>	<u>584,348</u>	<u>614,150</u>
EXPENDITURES:						
Instructional services:						
Salaries	-	-	-	-	505,654	505,654
Benefits	-	-	-	-	97,781	97,781
Purchased services	386	70	-	14,753	40,702	55,911
Supplies and materials	2,108	-	-	-	8,995	11,103
Capital outlay	-	-	-	-	2,632	2,632
Miscellaneous	-	-	-	-	1,438	1,438
Total expenditures	<u>2,494</u>	<u>70</u>	<u>-</u>	<u>14,753</u>	<u>657,202</u>	<u>674,519</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,282</u>	<u>3,338</u>	<u>753</u>	<u>4,112</u>	<u>(72,854)</u>	<u>(60,369)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	12,524	12,524
Transfers out	(4,282)	(3,338)	(753)	(4,112)	(10,835)	(23,320)
Total other financing sources (uses)	<u>(4,282)</u>	<u>(3,338)</u>	<u>(753)</u>	<u>(4,112)</u>	<u>1,689</u>	<u>(10,796)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	(71,165)	(71,165)
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,814</u>	<u>669,814</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,649</u>	<u>\$ 598,649</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2008**

SCHEDULE 9

	<u>Institute Fund</u>	<u>Bus Driver Fund</u>	<u>General Education Development Fund</u>	<u>Supervisory Fund</u>	<u>Job Bank Fund</u>	<u>ROE Program Support Fund</u>	<u>Total</u>
ASSETS							
Cash (overdrafts) and cash equivalents	\$ 30,584	\$ 1,843	\$ 103	\$ -	\$ -	\$ -	\$ 32,530
TOTAL ASSETS	<u>\$ 30,584</u>	<u>\$ 1,843</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,530</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Unreserved	<u>30,584</u>	<u>1,843</u>	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,530</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,584</u>	<u>\$ 1,843</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,530</u>

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2008

SCHEDULE 10

	<u>Institute Fund</u>	<u>Bus Driver Fund</u>	<u>General Education Development Fund</u>	<u>Supervisory Fund</u>	<u>Job Bank Fund</u>	<u>ROE Program Support Fund</u>	<u>Total</u>
REVENUES:							
Local sources	\$ 8,113	\$ 912	\$ 5,214	\$ -	\$ 1,350	\$ 750	\$ 16,339
State sources	-	600	-	4,000	-	-	4,600
Interest income	831	8	1	-	-	-	840
Total revenues	<u>8,944</u>	<u>1,520</u>	<u>5,215</u>	<u>4,000</u>	<u>1,350</u>	<u>750</u>	<u>21,779</u>
EXPENDITURES:							
Instructional services:							
Salaries	-	-	1,000	-	-	-	1,000
Benefits	-	-	76	-	-	-	76
Purchased services	476	1,500	1,160	3,941	1,350	406	8,833
Supplies and materials	134	-	2,876	-	-	-	3,010
Capital outlay	-	-	-	-	-	500	500
Miscellaneous	4,321	-	-	89	-	-	4,410
Payments to other governments	3,268	-	-	-	-	-	3,268
Total expenditures	<u>8,199</u>	<u>1,500</u>	<u>5,112</u>	<u>4,030</u>	<u>1,350</u>	<u>906</u>	<u>21,097</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	745	20	103	(30)	-	(156)	682
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	30	-	156	186
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>156</u>	<u>186</u>
NET CHANGES IN FUND BALANCES	745	20	103	-	-	-	868
FUND BALANCE, BEGINNING OF YEAR	<u>29,839</u>	<u>1,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,662</u>
FUND BALANCE, END OF YEAR	<u>\$ 30,584</u>	<u>\$ 1,843</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,530</u>