



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, 2009

WILLIAM G. HOLLAND

AUDITOR GENERAL

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

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

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**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:

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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	3
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	2	7

Details of audit findings are presented in a separate 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 RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
09-1	10	Controls Over Compliance with Laws and Regulations	Noncompliance
09-2	12	Inadequate Internal Control Procedures	Significant Deficiency
09-3	15	Controls Over Financial Statement Preparation	Significant Deficiency

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

08-2	21	Inadequate Controls Over Property and Equipment	Significant Deficiency
08-3	21	Failure to Remit Interest Earned	Significant Deficiency and Noncompliance

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

FINANCIAL REPORT SUMMARY (Concluded)

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, 2009. 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 October 1, 2010.

**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, 2009, 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, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 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 Brown, Cass, Morgan, and Scott Counties 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 45 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 Brown, Cass, Morgan and Scott Counties 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
Kelly Mittelstaedt, CPA
November 1, 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, 2009, 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 November 1, 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, but not for the purpose of expressing an opinion on the effectiveness of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in findings 09-2 and 09-3 in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

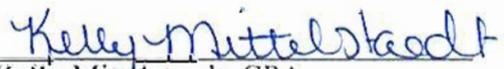
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Brown, Cass, Morgan, and Scott Counties 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 09-1.

We also noted certain matters which we have reported to management of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 in a separate letter dated November 1, 2010.

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Brown, Cass, Morgan, and Scott Counties 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
November 1, 2010

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section I: Summary of Auditors' Results:

Financial Statements

Type of auditor's report issued: _____ Unqualified Opinion _____

Internal control over financial reporting:

- Material weakness(es) identified? yes x 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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

Finding No. 09-1 Controls Over Compliance with Laws and Regulations

Criteria/Specific Requirement:

The Illinois School Code (105 ILCS 5/3-14.20) requires the Regional Superintendent to inspect the building plans and specifications, including but not limited to plans and specifications for the heating, ventilating, lighting, seating, water supply, toilets and safety against fire of public school rooms and buildings submitted to him by school boards, and to approve all those which comply substantially with the statutorily authorized school building codes. The Regional Superintendent is to approve or deny the plans and specifications within three months after the date they were submitted by the school board.

Condition:

The Regional Office of Education #46 did not document its review and approval of building plans and specifications as required by 105 ILCS 5/3-14.20. According to the Regional Superintendent, the Regional Superintendent's designee reviewed and gave a verbal approval for the building plans and specifications, but the plan and specification review and approval was not documented to show that it occurred within the three month time frame outlined in the statute.

Effect:

The Regional Office of Education #46 did not comply with statutory requirements.

Cause:

The Regional Superintendent stated that he was unaware of the requirements associated with the statute until July 2009. Prior to that time, an individual designated by the Regional Superintendent to be in charge of the Health Life Safety functions of the Office reviewed the plans and specifications proposed by the districts, but did not document the review and approval or complete the paperwork involved as required by the statute.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

Finding No. 09-1 Controls Over Compliance with Laws and Regulations (Concluded)

Auditor's Recommendation:

The Regional Office of Education #46 should comply with the requirements of 105 ILCS 5/3-14.20 and inspect and approve or deny the building plans and specifications within the three month time frame established in statute.

Management's Response:

The Regional Office of Education # 46 has been following the requirements of 105 ILCS 5/3-14.20 since July 2009. At that time, the 17 year veteran in charge of this area retired and the Regional Superintendent learned in trainings that this was an area where the Regional Office had not been in compliance. The ROE # 46 is compliant with this requirement now.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

FINDING No. 09-2 - Inadequate Internal Control Procedures

Criteria/Specific Requirement:

The *Regional Office of Education (ROE) Accounting Manual* establishes that the Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over receipts, disbursements and purchases to prevent errors and fraud.

Condition:

During the audit we noted the following weaknesses in the Regional Office's internal control system:

- During detailed expenditure testing of 65 transactions, there were 6 instances where there was no approval on the check disbursement documentation by the Regional Superintendent or Assistant Regional Superintendent when an e-signature was used to sign the check. This process documents the verification that the amount on the check matches the amount the expenditure was approved for.
- There was no signature from the Regional Superintendent on any bank statement reconciliations for two of the Regional Office's bank accounts.
- In 3 out of 14 transactions tested, there were no initials on the bank statements indicating review by the Regional Superintendent.

These internal controls are important as mitigating controls, because the bookkeeping function is located in a different city than the Regional Office's primary office making it more difficult for the Regional Superintendent to provide adequate oversight of the accounting function.

Effect:

The internal control weaknesses noted above could result in unintentional or intentional errors or misappropriation of assets, where the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

FINDING No. 09-2 - Inadequate Internal Control Procedures (Continued)

Cause:

According to the Regional Office of Education #46 there were sporadic incidents when the Regional Superintendent's signature was not on one of the documents required for authorizing payments. However, there was a signature on at least one of the five documents signed for transaction approval within the Office so the Regional Superintendent was aware of what transactions took place.

Auditor's Recommendation:

The Regional Office of Education #46's management should ensure the Regional Office follows the established system of internal controls over receipts, disbursements and purchases to prevent errors and fraud. Regional Office #46 management should ensure the following:

- The Regional Superintendent or Assistant Regional Superintendent approves, by initialing, the check disbursement documentation when an e-signature is used. This verifies the check was written for the approved amount.
- The Regional Superintendent provides an independent review of the Office's bank reconciliations and bank statements to maintain and document adequate oversight of the bookkeeping function.

Management's Response:

The Regional Superintendent does review all records and will continue to sign off on all of the different record sheets that have been created to make sure nothing is paid out that has not been viewed and authorized by the Regional Superintendent or the Assistant Regional Superintendent. The system has proven to be effective to this point.

- Control deficiencies are mitigated by in-place compensating controls. Regional Superintendent pre-approves expenditures by signing all Purchase Orders, Invoices, and internal Grant Distribution forms.
- Bank reconciliations without Regional Superintendent signature are due to bookkeeper having to re-reconcile bank accounts after audit adjustments were made. Bookkeeping staff failed to keep originally approved bank reconciliation reports that were signed by the Regional Superintendent.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

FINDING No. 09-2 - Inadequate Internal Control Procedures (Concluded)

- Bookkeeping staff and Regional Superintendent will continue to make every effort to sign all bank statements.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

FINDING No. 09-3 – Controls Over Financial Statement Preparation (Repeat from 2008 – No. 08-1 and 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 during the year and records accruals at year end. 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 was unable to provide accurate trial balances and footnote disclosures to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable or deferred revenue. While the Regional Office did maintain and record many of the accounts receivable, accounts payable, and deferred revenue transactions, not all transactions were captured and posted. Several adjusting journal entries needed to be made.

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 RESPONSES
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

FINDING No. 09-3 – Controls Over Financial Statement Preparation (Repeat from 2008 – No. 08-1 and 2007 No. 07-9) (Concluded)

Cause:

According to Regional Office of Education #46 officials, they misunderstood the extent of involvement necessary from their outside consultants to correct this finding. The Regional Office hired two consultants to work with their Office during the year, one software and one C.P.A. While significant progress has been made with the Regional Office's accounting records, some additional improvements are needed.

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 Regional Office of Education #46 will establish guidelines to more thoroughly review the books and the refinement of our close-out procedures before submitting them to the auditors. While many improvements have already taken place, we understand this is an ongoing process and hope to reach the level of no finding by the end of next fiscal year.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Section III: Federal Award Findings:

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, 2009**

Finding No. 09-1 Controls Over Compliance with Laws and Regulations

Condition:

The Regional Office of Education #46 did not document its review and approval of building plans and specifications as required by 105 ILCS 5/3-14.20. According to the Regional Superintendent, the Regional Superintendent's designee reviewed and gave a verbal approval for the building plans and specifications, but the plan and specification review and approval was not documented to show that it occurred within the three month time frame outlined in the statute.

Plan:

The Regional Office of Education # 46 has been following the requirements of 105 ILCS 5/3-14.20 since July 2009. At that time, the 17 year veteran in charge of this area retired and the Regional Superintendent learned in trainings that this was an area where the Regional Office had not been in compliance. The ROE # 46 is compliant with this requirement now.

Anticipated Date of Completion:

July 2009

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, 2009**

FINDING No. 09-2 - Inadequate Internal Control Procedures

Condition:

During the audit we noted the following weaknesses in the Regional Office's internal control system:

- During detailed expenditure testing of 65 transactions, there were 6 instances where there was no approval on the check disbursement documentation by the Regional Superintendent or Assistant Regional Superintendent when an e-signature was used to sign the check. This process documents the verification that the amount on the check matches the amount the expenditure was approved for.
- There was no signature from the Regional Superintendent on any bank statement reconciliations for two of the Regional Office's bank accounts.
- In 3 out of 14 transactions tested, there were no initials on the bank statements indicating review by the Regional Superintendent.

These internal controls are important as mitigating controls, because the bookkeeping function is located in a different city than the Regional Office's primary office making it more difficult for the Regional Superintendent to provide adequate oversight of the accounting function.

Plan:

The Regional Office of Education #46 will continue to monitor its approvals and seek to improve on its thoroughness to make sure all approvals are performed in an appropriate manner.

Anticipated Date of Completion:

2010 (Date of letter of findings 8/27/10)

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, 2009**

**FINDING No. 09-3 – Controls Over Financial Statement Preparation (Repeat from 2008-
No. 08-1 and 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 during the year and records accruals at year end. 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 was unable to provide accurate trial balances and footnote disclosures to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable or deferred revenue. While the Regional Office did maintain and record many of the accounts receivable, accounts payable, and deferred revenue transactions, not all transactions were captured and posted. Several adjusting journal entries needed to be made.

Plan:

The Regional Office of Education #46 will continue and expand the responsibilities given to the two consultants we already have working with our accounting department. We will seek the appropriate guidelines to help us establish the duties of these consultants.

The Regional Office of Education #46 will continue to use multiple layers of control to ensure if one layer is missed, an additional control is in place. In the future, a more thorough review will be completed prior to the audit at year end.

Anticipated Date of Completion:

2010 (Date of letter of findings 8/27/10)

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, 2009**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
08-1	Controls Over Financial Statement Preparation	Repeated
08-2	Inadequate Controls Over Property and Equipment	Resolved
08-3	Failure to Remit Interest Earned	Resolved

BASIC FINANCIAL STATEMENTS

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current:		
Cash (overdrafts) and cash equivalents	\$ 588,023	\$ 588,023
Accounts receivable	110,425	110,425
Due from other governments	80,144	80,144
Prepaid Items	1,438	1,438
Total current assets	780,030	780,030
Noncurrent:		
Capital assets, being depreciated, net	41,493	41,493
Total assets	821,523	821,523
LIABILITIES		
Current:		
Accounts payable	76,387	76,387
Due to other governments	7,311	7,311
Deferred revenue	9,284	9,284
Total liabilities	92,982	92,982
NET ASSETS		
Investment in capital assets, net of related debt	41,493	41,493
Unrestricted	658,387	658,387
Restricted for teacher professional development	28,661	28,661
Total net assets	\$ 728,541	\$ 728,541

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, 2009**

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program	Net (Expenses) Revenues and	
		Revenues	Changes in Net Assets	
		Operating Grants	Governmental	Primary Government
		and Contributions	Activities	Total
Primary government:				
Governmental activities:				
Education:				
Salaries	\$ 1,113,756	\$ 901,461	\$ (212,295)	\$ (212,295)
Benefits	168,452	136,343	(32,109)	(32,109)
Purchased services	218,188	176,599	(41,589)	(41,589)
Supplies and materials	87,693	70,978	(16,715)	(16,715)
Capital outlay	-	15,432	15,432	15,432
Miscellaneous	18,499	14,973	(3,526)	(3,526)
Payments to other governments	21,662	17,533	(4,129)	(4,129)
Depreciation expense	10,258	-	(10,258)	(10,258)
Administrative:				
On-behalf payments	334,260	-	(334,260)	(334,260)
Total primary government	<u>1,972,768</u>	<u>1,333,319</u>	<u>(639,449)</u>	<u>(639,449)</u>
General revenues:				
Local sources			257,339	257,339
Interest income			18,632	18,632
On-behalf payments			<u>334,260</u>	<u>334,260</u>
Total general revenues			<u>610,231</u>	<u>610,231</u>
CHANGE IN NET ASSETS			(29,218)	(29,218)
NET ASSETS, BEGINNING OF YEAR			<u>757,759</u>	<u>757,759</u>
NET ASSETS, END OF YEAR			<u>\$ 728,541</u>	<u>\$ 728,541</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
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General Fund</u>	<u>Education Fund</u>	<u>Alternative Schools Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ (51,346)	\$ (23,740)	\$ 632,816	\$ 30,293	\$ 588,023
Accounts receivable	85,776	20,000	4,499	150	110,425
Due from other governments	16,625	63,519	-	-	80,144
Due from other funds	528	-	-	-	528
Prepaid items	360	-	1,078	-	1,438
TOTAL ASSETS	<u>51,943</u>	<u>59,779</u>	<u>638,393</u>	<u>30,443</u>	<u>780,558</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	1,958	19,415	55,014	-	76,387
Due to other governments	-	7,041	-	270	7,311
Due to other funds	528	-	-	-	528
Deferred revenue	-	9,284	-	-	9,284
Total liabilities	<u>2,486</u>	<u>35,740</u>	<u>55,014</u>	<u>270</u>	<u>93,510</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	49,457	-	-	-	49,457
Special revenue funds	-	24,039	583,379	30,173	637,591
Total fund balances	<u>49,457</u>	<u>24,039</u>	<u>583,379</u>	<u>30,173</u>	<u>687,048</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 51,943</u>	<u>\$ 59,779</u>	<u>\$ 638,393</u>	<u>\$ 30,443</u>	<u>\$ 780,558</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 GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2009**

Total fund balances - governmental funds (page 24)	\$ 687,048
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>41,493</u>
Net assets of governmental activities (page 22)	<u><u>\$ 728,541</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 BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	<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	\$ 223,201	\$ 3,652	\$ 14,811	\$ 15,675	\$ 257,339
State sources	291,432	312,702	482,966	4,632	1,091,732
Federal sources	-	86,732	154,855	-	241,587
Interest income	2,441	388	15,354	449	18,632
On-behalf payments	334,260	-	-	-	334,260
Total revenues	<u>851,334</u>	<u>403,474</u>	<u>667,986</u>	<u>20,756</u>	<u>1,943,550</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	396,569	210,513	503,322	3,352	1,113,756
Benefits	60,430	34,809	73,203	10	168,452
Purchased services	51,221	82,169	68,978	15,820	218,188
Supplies and materials	24,768	40,843	18,315	3,767	87,693
Miscellaneous	11,163	-	1,721	5,615	18,499
Payments to other governments	-	21,662	-	-	21,662
On-behalf payments	334,260	-	-	-	334,260
Capital outlay	-	13,456	4,872	739	19,067
Total expenditures	<u>878,411</u>	<u>403,452</u>	<u>670,411</u>	<u>29,303</u>	<u>1,981,577</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(27,077)</u>	<u>22</u>	<u>(2,425)</u>	<u>(8,547)</u>	<u>(38,027)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	16,090	127,900	79,431	6,190	229,611
Transfers out	(19,373)	(117,962)	(92,276)	-	(229,611)
Total other financing sources (uses)	<u>(3,283)</u>	<u>9,938</u>	<u>(12,845)</u>	<u>6,190</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(30,360)	9,960	(15,270)	(2,357)	(38,027)
FUND BALANCES, BEGINNING OF YEAR	<u>79,817</u>	<u>14,079</u>	<u>598,649</u>	<u>32,530</u>	<u>725,075</u>
FUND BALANCES, END OF YEAR	<u>\$ 49,457</u>	<u>\$ 24,039</u>	<u>\$ 583,379</u>	<u>\$ 30,173</u>	<u>\$ 687,048</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, 2009**

Net change in fund balances (page 26) \$ (38,027)

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	\$ 19,067	
Depreciation expense	<u>(10,258)</u>	<u>8,809</u>

Change in net assets of governmental activities (page 23) \$ (29,218)

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, 2009**

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, 2009

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, 2009

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.

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

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.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

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

Star Online – agreement between Western Illinois University and Regional Office of Education #46 to help area teachers sign up and receive online professional development at a reduced rate.

Illinois School for the Deaf –Contracted arrangement with Illinois School for the Deaf (ISD) and Illinois Department of Human Services to provide payrolling services for contracted ISD substitute teachers.

Illinois School for the Visually Impaired – Contracted arrangement with Illinois School for the Visually Impaired (ISVI) and Illinois Department of Human Services to provide payrolling services for contracted ISVI substitute teachers.

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 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.

Title I –School Improvement and Accountability - RESPRO - 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.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

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.

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.

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

Title III- English Language Learners – Federal grant to provide professional development and training to local rural districts on State and federal laws related to serving English Language Learner students.

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 Breakfast Incentive – School breakfast program facilitated by Illinois State Board of Education to purchase equipment to serve and store breakfast items for students at both alternative programs.

School Breakfast Fund – Federal funds to help offer breakfast programs to the two alternative schools.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Concluded)

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

Truants Alternative/Optional Education Program - ARRA State Aid – Federal funds to pay State Aid claims associated with Truants Alternative/Optional Education Program (TAOEP).

Alternative Resource Center (ARC) - ARRA State Aid – Federal funds to pay State Aid claims associated with ARC Safe Schools Program.

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.

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- to account for a fee assessed to Districts and the expenses associated with posting job openings on the State website.

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 met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Concluded)

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Capital asset acquisitions are reported as expenditures in governmental funds.

There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. 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.

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.

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.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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 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, 2009 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, McKinney Education for Homeless Children Fund, Title V – Innovative Programs Fund, Title IV- Safe and Drug Free Schools – Formula Fund, and Title II - Teacher Quality Fund.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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, 2009, the carrying amount of the deposits was \$588,023 (net of overdrafts) and the bank balance was \$628,095.

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, 2009, \$302,121 was secured by federal depository insurance and \$280,000 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, 2009, Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 had investments with carrying and fair values of \$45,974 invested in the Illinois Funds Money Market Fund.

Credit risk - At June 30, 2009 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, 2009**

NOTE 3 - DUE FROM/TO OTHER GOVERNMENTS

The Regional Office of Education #46's due from/to other governments is all due from/to the Illinois State Board of Education and consists of the following:

	Due From	Due To
<u>General Fund</u>		
ROE/ISC Operations	\$ 16,625	\$ -
<u>Education Fund</u>		
Truants Alternative/Optional Education Fund	34,908	-
Regional Safe Schools Fund	28,611	-
Title I – Reading First Part B SEA Fund	-	6,144
Title V – Innovative Programs Fund	-	99
Title I – School Improvement & Accountability – RESPRO	-	798
<u>Nonmajor Special Revenue Funds</u>		
Institute Fund	-	270
Total	80,144	7,311

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities:				
Furniture and equipment	\$ 80,852	\$ 19,067	\$ -	\$ 99,919
Less accumulated depreciation	<u>48,168</u>	<u>10,258</u>	<u>-</u>	<u>58,426</u>
Total capital assets, net	<u>\$ 32,684</u>	<u>\$ 8,809</u>	<u>\$ -</u>	<u>\$ 41,493</u>

Depreciation expense was charged as follows:

Governmental activities:	
Depreciation expense	<u>\$ 10,258</u>

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 two operating lease agreements which are renewable annually. Rent expense for FY 2009 was \$24,700. The lease agreements were for the Regional Office of Education's Beardstown Office and the Alternative Resource Center (ARC) in Jacksonville.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system’s administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2009, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2008 and 2007. 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, 2009, 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 to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #46. For the year ended June 30, 2009, the State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #46, recognized revenue and expenditures of \$127,376 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11 percent (\$35,978) and 9.78 percent (\$35,226), respectively.

The State contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The State contribution for the year ended June 30, 2007 was based on a dollar amount specified by the statute and was 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. Contributions for the year ended June 30, 2009 was \$3,263. Contributions for the years ending June 30, 2008 and June 30, 2007, were \$2,358 and \$2,089, respectively.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

- **Federal and Special 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 for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and June 30, 2007, the employer contribution was 13.11 percent and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$0 were paid from federal and special trust funds that required Regional Office of Education #46 employer contributions of \$0. For the years ended June 30, 2008 and June 30, 2007, there were no salaries paid from federal and special trust funds.
- **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.

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 met certain conditions and retired 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 qualified for the Pipeline ERO).

Under the Pipeline ERO, 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, 2009, the Regional Office of Education #46 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2008 and 2007, 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 additional employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the years ended June 30, 2009, June 30, 2008, and June 30, 2007, the Regional Office of Education #46 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.67 percent of salary during the year ended June 30, 2009). For the years ended June 30, 2009, June 30, 2008, and June 30, 2007, the Regional Office of Education #46 paid \$0 in employer contributions granted 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 for the year ended June 30, 2009, was available in early 2010. The reports 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 2008 was 8.29 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 rate is set by statute.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Concluded)

Annual Pension Cost. For 2008, the Regional Office of Education #46’s annual pension cost of \$30,224 for the Regular plan was equal to Regional Office of Education #46’s required and actual contributions.

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>
12/31/08	\$ 30,224	100%	\$ 0
12/31/07	24,643	100%	0
12/31/06	30,337	100%	0

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6 % per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #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 20% corridor between the actuarial and market value of assets. The Regional Office of Education #46’s Regular plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006, valuation was 5 years.

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 83.21 percent funded. The actuarial accrued liability for benefits was \$819,139 and the actuarial value of assets was \$681,641, resulting in an underfunded actuarial accrued liability (UAAL) of \$137,498. The covered payroll (annual payroll of active employees covered by the plan) was \$364,584 and the ratio of the UAAL to the covered payroll was 38 percent.

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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 7 - DEFICIT FUND BALANCES

The following funds had deficit fund balances at June 30, 2009. The deficits will be covered by normal operations or fund transfers.

<u>General Fund</u>	
Gifted District Fund	\$ (1,465)
<u>Education Fund</u>	
Standards Aligned Classroom Fund	<u>(2,190)</u>
Total Deficit Fund Balances	\$ <u>(3,655)</u>

NOTE 8 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. 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	\$ 96,435
Regional Superintendent - benefits (includes State paid insurance)	13,835
Assistant Regional Superintendent - salary	86,791
Assistant Regional Superintendent - benefits (includes State paid insurance)	9,823
TRS on-behalf payments	<u>127,376</u>
Total on-behalf payments	\$ <u>334,260</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, 2008, the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 adopted the following pronouncements: GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52 *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. 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, 2009

NOTE 10 – INTERFUND TRANSACTIONS

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

(a) Transfers In (Out) Other Funds

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

<u>Fund</u>	<u>Transfers-out</u>	<u>Transfers-in</u>
General Fund		
County Support	\$ 7,857	10,500
ROE/ISC Operations	-	3,525
Gifted District Fund	-	2,065
School Directory	2	-
Workshop Fund	1,014	-
Illinois School for the Deaf	7,700	-
Illinois School for the Visually Impaired	2,800	-
Education Fund		
ROE School Improvement Fund	-	1,030
Truants Alternative/Optional Education Fund	-	4,691
Regional Safe Schools Fund	-	1,726
Title I-School Improvement and Accountability- RESPRO	117,949	81,683
McKinney Education for Homeless Children Fund	-	2,250
Standards Aligned Classroom Fund	-	36,268
Title IV-Safe and Drug Free Schools-Formula Fund	-	83
Title II- Teacher Quality Fund	-	169
Title III-English Language Learners	13	-
Alternative Schools Fund		
Registration Fees Fund	7,347	-
Paid Lunches Fund	3,355	-
State Lunch Fund	741	-
National School Lunch Fund	11,068	-
State Breakfast Incentive	2,293	-
School Breakfast Fund	2,890	-
State Aid Fund	64,582	27,695
Truants Alternative/Optional Education Program- ARRA State Aid	-	31,728
Alternative Resource Center (ARC)-ARRA State Aid	-	20,008
Nonmajor Special Revenue Fund		
General Education Development Fund	-	13
Supervisory Fund	-	6,177
Total	<u>\$ 229,611</u>	<u>\$ 229,611</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009**

NOTE 10 – INTERFUND TRANSACTIONS (Concluded)

(b) Due From (To) Other Funds

The following is a summary of amounts due from (to) other funds as of June 30, 2009:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund		
County Support	\$ 528	\$ -
Media Center	-	528
Total	<u>\$ 528</u>	<u>\$ 528</u>

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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2009**

**ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 681,641	\$ 819,139	\$ 137,498	83.21%	\$ 364,584	37.71 %
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 %

OTHER SUPPLEMENTARY INFORMATION

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2009**

SCHEDULE 1

	<u>County Support</u>	<u>ROE/ISC Operations</u>	<u>Gifted District Fund</u>	<u>School Directory</u>	<u>Spelling Bee Fund</u>	<u>Media Center</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 47,226	\$ (16,625)	\$ -	\$ 2	\$ 97	\$ 2,385
Accounts receivable	117	-	-	-	-	-
Due from other funds	528	-	-	-	-	-
Due from other governments	-	16,625	-	-	-	-
Prepaid items	360	-	-	-	-	-
TOTAL ASSETS	<u>48,231</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>97</u>	<u>2,385</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	1,465	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	528
Total liabilities	<u>-</u>	<u>-</u>	<u>1,465</u>	<u>-</u>	<u>-</u>	<u>528</u>
FUND BALANCES						
Unreserved	<u>48,231</u>	<u>-</u>	<u>(1,465)</u>	<u>2</u>	<u>97</u>	<u>1,857</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 48,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 97</u>	<u>\$ 2,385</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2009**

**SCHEDULE 1
(CONTINUED)**

	<u>Identix Fingerprinting Fund</u>	<u>Workshop Fund</u>	<u>Star Online</u>	<u>Illinois School for the Deaf</u>	<u>Illinois School for the Visually Impaired</u>	<u>Total</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 720	\$ -	\$ 15	\$ (51,215)	\$ (33,951)	\$ (51,346)
Accounts receivable	-	-	-	51,458	34,201	85,776
Due from other funds	-	-	-	-	-	528
Due from other governments	-	-	-	-	-	16,625
Prepaid items	-	-	-	-	-	360
TOTAL ASSETS	<u>720</u>	<u>-</u>	<u>15</u>	<u>243</u>	<u>250</u>	<u>\$ 51,943</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	-	243	250	1,958
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	528
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>250</u>	<u>2,486</u>
FUND BALANCES						
Unreserved	<u>720</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>49,457</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 720</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 243</u>	<u>\$ 250</u>	<u>\$ 51,943</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, 2009

SCHEDULE 2

	County Support	ROE/ISC Operations	Gifted District Fund	School Directory	Spelling Bee Fund	Media Center
REVENUES:						
Local sources	\$ 181,105	\$ -	\$ 17,666	\$ 910	\$ 500	\$ 14,595
State sources	-	70,773	-	-	-	-
Federal Sources	-	-	-	-	-	-
Interest income	2,386	-	4	4	1	19
On-behalf payments	-	334,260	-	-	-	-
Total revenues	<u>183,491</u>	<u>405,033</u>	<u>17,670</u>	<u>914</u>	<u>501</u>	<u>14,614</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	131,752	50,002	14,053	-	-	-
Benefits	38,303	16,883	204	-	-	-
Purchased services	26,329	6,518	4,819	910	-	1,839
Supplies and materials	7,754	895	2,119	-	475	13,525
Miscellaneous	11,158	-	5	-	-	-
Payments to other governments	-	-	-	-	-	-
On-behalf payments	-	334,260	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>215,296</u>	<u>408,558</u>	<u>21,200</u>	<u>910</u>	<u>475</u>	<u>15,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,805)	(3,525)	(3,530)	4	26	(750)
OTHER FINANCING SOURCES (USES):						
Transfers in	10,500	3,525	2,065	-	-	-
Transfers out	(7,857)	-	-	(2)	-	-
Total other financing sources (uses)	<u>2,643</u>	<u>3,525</u>	<u>2,065</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	(29,162)	-	(1,465)	2	26	(750)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>77,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>2,607</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 48,231</u>	<u>\$ -</u>	<u>\$ (1,465)</u>	<u>\$ 2</u>	<u>\$ 97</u>	<u>\$ 1,857</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, 2009

SCHEDULE 2
(CONTINUED)

	Identix Fingerprinting Fund	Workshop Fund	Star Online	Illinois School for the Deaf	Illinois School for the Visually Impaired	Total
REVENUES:						
Local sources	\$ 8,310	\$ 100	\$ 15	\$ -	\$ -	\$ 223,201
State sources	-	-	-	161,458	59,201	291,432
Federal Sources	-	-	-	-	-	-
Interest income	10	17	-	-	-	2,441
On-behalf payments	-	-	-	-	-	334,260
Total revenues	<u>8,320</u>	<u>117</u>	<u>15</u>	<u>161,458</u>	<u>59,201</u>	<u>851,334</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	-	-	146,890	53,872	396,569
Benefits	-	-	-	3,719	1,321	60,430
Purchased services	5,848	601	-	3,149	1,208	51,221
Supplies and materials	-	-	-	-	-	24,768
Miscellaneous	-	-	-	-	-	11,163
Payments to other governments	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	334,260
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>5,848</u>	<u>601</u>	<u>-</u>	<u>153,758</u>	<u>56,401</u>	<u>878,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,472	(484)	15	7,700	2,800	(27,077)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	16,090
Transfers out	-	(1,014)	-	(7,700)	(2,800)	(19,373)
Total other financing sources (uses)	<u>-</u>	<u>(1,014)</u>	<u>-</u>	<u>(7,700)</u>	<u>(2,800)</u>	<u>(3,283)</u>
NET CHANGES IN FUND BALANCE	2,472	(1,498)	15	-	-	(30,360)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,752)</u>	<u>1,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,817</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 720</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,457</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNT
Year Ended June 30, 2009**

SCHEDULE 3

	ROE/ISC Operations			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Local sources	-	-	-	-
State sources	70,773	70,773	70,773	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
On-behalf payments	-	-	334,260	334,260
Total revenues	<u>70,773</u>	<u>70,773</u>	<u>405,033</u>	<u>334,260</u>
EXPENDITURES:				
Current:				
Salaries	50,000	50,000	50,002	(2)
Benefits	16,913	16,913	16,883	30
Purchased services	2,860	2,860	6,518	(3,658)
Supplies and materials	1,000	1,000	895	105
Miscellaneous	-	-	-	-
Payments to other governments	-	-	-	-
On-behalf payments	-	-	334,260	(334,260)
Capital outlay	-	-	-	-
Total expenditures	<u>70,773</u>	<u>70,773</u>	<u>408,558</u>	<u>(337,785)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			<u>(3,525)</u>	<u>(3,525)</u>
OTHER FINANCING SOURCES:				
Transfers in			3,525	
Transfers out			-	
Total other financing sources (uses)			<u>3,525</u>	
NET CHANGES IN FUND BALANCE			-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-	
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, 2009**

SCHEDULE 4

	ROE School Improvement Fund	Dental Sealant Fund	Truants Alternative/ Optional Education Fund	Regional Safe Schools Fund	Title I - School Improvement and Accountability - RESPRO	Title I - Reading First Part B SEA Fund	McKinney Education for Homeless Children Fund
ASSETS							
Cash (overdrafts) and cash equivalents	\$ 10,562	\$ 7,763	\$ (27,178)	\$ (20,988)	\$ (1,358)	\$ 6,219	\$ -
Accounts receivable	-	-	-	-	20,000	-	-
Due from other governments	-	-	34,908	28,611	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>10,562</u>	<u>7,763</u>	<u>7,730</u>	<u>7,623</u>	<u>18,642</u>	<u>6,219</u>	<u>-</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	-	-	7,730	7,623	1,872	-	-
Due to other governments	-	-	-	-	798	6,144	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	9,284	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>7,730</u>	<u>7,623</u>	<u>11,954</u>	<u>6,144</u>	<u>-</u>
FUND BALANCE							
Fund balance (deficit), unreserved	<u>10,562</u>	<u>7,763</u>	<u>-</u>	<u>-</u>	<u>6,688</u>	<u>75</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 10,562</u>	<u>\$ 7,763</u>	<u>\$ 7,730</u>	<u>\$ 7,623</u>	<u>\$ 18,642</u>	<u>\$ 6,219</u>	<u>\$ -</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2009**

**SCHEDULE 4
(CONTINUED)**

	<u>Standards Aligned Classroom Fund</u>	<u>Title V - Innovative Programs Fund</u>	<u>Title IV - Safe and Drug Free Schools - Formula Fund</u>	<u>Title II - Teacher Quality Fund</u>	<u>Lice Busters Fund</u>	<u>Title III - English Language Learners</u>	<u>Total</u>
ASSETS							
Cash (overdrafts) and cash equivalents	\$ -	\$ 99	\$ -	\$ -	\$ 1,141	\$ -	\$ (23,740)
Accounts receivable	-	-	-	-	-	-	20,000
Due from other governments	-	-	-	-	-	-	63,519
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>-</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>1,141</u>	<u>-</u>	<u>59,779</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	2,190	-	-	-	-	-	19,415
Due to other governments	-	99	-	-	-	-	7,041
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	9,284
Total liabilities	<u>2,190</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,740</u>
FUND BALANCE							
Fund balance (deficit), unreserved	<u>(2,190)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,141</u>	<u>-</u>	<u>24,039</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,141</u>	<u>\$ -</u>	<u>\$ 59,779</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, 2009**

SCHEDULE 5

	ROE School Improvement Fund	Dental Sealant Fund	Truants Alternative/ Optional Education Fund	Regional Safe Schools Fund	Title I - School Improvement and Accountability - RESPRO	Title I - Reading First Part B SEA Fund	McKinney Education for Homeless Children Fund
REVENUES:							
Local sources	\$ 3,057	\$ 595	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	5,225	127,998	104,741	61,438	-	-
Federal sources	-	-	-	-	73,180	-	10,100
Interest income	104	81	2	2	100	75	1
Total revenues	<u>3,161</u>	<u>5,901</u>	<u>128,000</u>	<u>104,743</u>	<u>134,718</u>	<u>75</u>	<u>10,101</u>
EXPENDITURES:							
Current:							
Education:							
Salaries	-	-	50,185	66,318	54,566	-	10,948
Benefits	-	-	17,957	15,537	884	-	-
Purchased services	1,497	1,884	32,362	22,682	17,604	-	1,128
Supplies and materials	173	902	28,187	1,932	8,592	-	296
Miscellaneous	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	662	-	-
Capital outlay	-	-	4,000	-	9,456	-	-
Total expenditures	<u>1,670</u>	<u>2,786</u>	<u>132,691</u>	<u>106,469</u>	<u>91,764</u>	<u>-</u>	<u>12,372</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,491	3,115	(4,691)	(1,726)	42,954	75	(2,271)
OTHER FINANCING SOURCES (USES):							
Transfers in	1,030	-	4,691	1,726	81,683	-	2,250
Transfers out	-	-	-	-	(117,949)	-	-
Total other financing sources (uses)	<u>1,030</u>	<u>-</u>	<u>4,691</u>	<u>1,726</u>	<u>(36,266)</u>	<u>-</u>	<u>2,250</u>
NET CHANGES IN FUND BALANCE	2,521	3,115	-	-	6,688	75	(21)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>8,041</u>	<u>4,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 10,562</u>	<u>\$ 7,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,688</u>	<u>\$ 75</u>	<u>\$ -</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, 2009**

**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	Lice Busters Fund	Title III - English Language Learners	Total
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,652
State sources	13,300	-	-	-	-	-	312,702
Federal sources	-	-	309	2,885	-	258	86,732
Interest income	-	-	1	6	16	-	388
Total revenues	<u>13,300</u>	<u>-</u>	<u>310</u>	<u>2,891</u>	<u>16</u>	<u>258</u>	<u>403,474</u>
EXPENDITURES:							
Current:							
Education:							
Salaries	28,372	-	-	-	124	-	210,513
Benefits	411	-	-	-	20	-	34,809
Purchased services	1,705	-	-	3,060	2	245	82,169
Supplies and materials	270	-	393	-	98	-	40,843
Miscellaneous	-	-	-	-	-	-	-
Payments to other governments	21,000	-	-	-	-	-	21,662
Capital outlay	-	-	-	-	-	-	13,456
Total expenditures	<u>51,758</u>	<u>-</u>	<u>393</u>	<u>3,060</u>	<u>244</u>	<u>245</u>	<u>403,452</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,458)	-	(83)	(169)	(228)	13	22
OTHER FINANCING SOURCES (USES):							
Transfers in	36,268	-	83	169	-	-	127,900
Transfers out	-	-	-	-	-	(13)	(117,962)
Total other financing sources (uses)	<u>36,268</u>	<u>-</u>	<u>83</u>	<u>169</u>	<u>-</u>	<u>(13)</u>	<u>9,938</u>
NET CHANGES IN FUND BALANCE	(2,190)	-	-	-	(228)	-	9,960
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,369</u>	<u>-</u>	<u>14,079</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (2,190)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,141</u>	<u>\$ -</u>	<u>\$ 24,039</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2009**

SCHEDULE 6

	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	127,998	127,998	127,998	-	104,741	104,741	104,741	-
Federal sources	-	-	-	-	-	-	-	-
Interest income	-	-	2	2	-	-	2	2
Total revenues	<u>127,998</u>	<u>127,998</u>	<u>128,000</u>	<u>2</u>	<u>104,741</u>	<u>104,741</u>	<u>104,743</u>	<u>2</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	51,783	51,783	50,185	1,598	61,366	61,366	66,318	(4,952)
Benefits	20,715	20,715	17,957	2,758	19,560	19,560	15,537	4,023
Purchased services	30,000	30,000	32,362	(2,362)	2,863	2,863	22,682	(19,819)
Supplies and materials	21,500	21,500	28,187	(6,687)	20,952	20,952	1,932	19,020
Miscellaneous	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	4,000	4,000	4,000	-	-	-	-	-
Total expenditures	<u>127,998</u>	<u>127,998</u>	<u>132,691</u>	<u>(4,693)</u>	<u>104,741</u>	<u>104,741</u>	<u>106,469</u>	<u>(1,728)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(4,691)				(1,726)	
OTHER FINANCING SOURCES (USES):								
Transfers in			4,691				1,726	
Transfers out			-				-	
Total other financing sources (uses)			<u>4,691</u>				<u>1,726</u>	
NET CHANGES IN FUND BALANCE			-				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), 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, 2009**

**SCHEDULE 6
(CONTINUED)**

	McKinney Education for Homeless Children Fund				Title V - Innovative Programs 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	-	-	-	-	-	-	-	-
Federal sources	10,100	10,100	10,100	-	-	-	-	-
Interest income	-	-	1	1	-	-	-	-
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>10,101</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	7,600	8,600	10,948	(2,348)	99	99	-	99
Benefits	-	-	-	-	-	-	-	-
Purchased services	1,700	900	1,128	(228)	-	-	-	-
Supplies and materials	800	600	296	304	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>10,100</u>	<u>10,100</u>	<u>12,372</u>	<u>(2,272)</u>	<u>99</u>	<u>99</u>	<u>-</u>	<u>99</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(2,271)				-	
OTHER FINANCING SOURCES (USES):								
Transfers in			2,250				-	
Transfers out			-				-	
Total other financing sources (uses)			<u>2,250</u>				<u>-</u>	
NET CHANGES IN FUND BALANCE			(21)				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>21</u>				<u>-</u>	
FUND BALANCE (DEFICIT), 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, 2009**

**SCHEDULE 6
(CONTINUED)**

	Title IV - Safe and Drug Free Schools - Formula Fund				Title II - Teacher Quality 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	-	-	-	-	-	-	-	-
Federal sources	140	303	309	6	852	1,472	2,885	1,413
Interest income	-	-	1	1	-	-	6	6
Total revenues	<u>140</u>	<u>303</u>	<u>310</u>	<u>7</u>	<u>852</u>	<u>1,472</u>	<u>2,891</u>	<u>1,419</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-
Purchased services	140	-	-	-	852	1,472	3,060	(1,588)
Supplies and materials	-	303	393	(90)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>140</u>	<u>303</u>	<u>393</u>	<u>(90)</u>	<u>852</u>	<u>1,472</u>	<u>3,060</u>	<u>(1,588)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(83)				(169)	
OTHER FINANCING SOURCES (USES):								
Transfers in			83				169	
Transfers out			-				-	
Total other financing sources (uses)			<u>83</u>				<u>169</u>	
NET CHANGES IN FUND BALANCE			-				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), 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, 2009**

**SCHEDULE 6
(CONTINUED)**

	Totals			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	232,739	232,739	232,739	-
Federal sources	11,092	11,875	13,294	1,419
Interest income	-	-	12	12
Total revenues	243,831	244,614	246,045	1,431
EXPENDITURES:				
Current:				
Education:				
Salaries	120,749	121,749	127,451	(5,702)
Benefits	40,275	40,275	33,494	6,781
Purchased services	35,555	35,235	59,232	(23,997)
Supplies and materials	43,252	43,355	30,808	12,547
Miscellaneous	-	-	-	-
Payments to other governments	-	-	-	-
Capital outlay	4,000	4,000	4,000	-
Total expenditures	243,831	244,614	254,985	(10,371)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(8,940)	
OTHER FINANCING SOURCES (USES):				
Transfers in			8,919	
Transfers out			-	
Total other financing sources (uses)			8,919	
NET CHANGES IN FUND BALANCE			(21)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (21)	

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 COMBINING SCHEDULE OF ACCOUNTS
 ALTERNATIVE SCHOOLS FUND
 June 30, 2009**

SCHEDULE 7

	<u>Registration Fees Fund</u>	<u>Paid Lunches Fund</u>	<u>State Lunch Fund</u>	<u>National School Lunch Fund</u>	<u>State Breakfast Incentive</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	1,250	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund balance (deficit), unreserved	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SCHEDULE 7
(CONTINUED)**

June 30, 2009

	School Breakfast Fund	State Aid Fund	Truants Alternative/ Optional Education Program - ARRA State Aid	Alternative Resource Center (ARC) - ARRA State Aid	Total
ASSETS					
Cash (overdrafts) and cash equivalents	\$ -	\$ 578,991	\$ 40,647	\$ 13,178	\$ 632,816
Accounts receivable	-	3,249	-	-	4,499
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	-	1,078	-	-	1,078
TOTAL ASSETS	-	583,318	40,647	13,178	638,393
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	1,189	40,647	13,178	55,014
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	1,189	40,647	13,178	55,014
FUND BALANCE					
Fund balance (deficit), unreserved	-	582,129	-	-	583,379
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 583,318	\$ 40,647	\$ 13,178	\$ 638,393

**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, 2009**

SCHEDULE 8

	Registration Fees Fund	Paid Lunches Fund	State Lunch Fund	National School Lunch Fund	State Breakfast Incentive
REVENUES:					
Local sources	\$ 8,575	\$ 3,346	\$ -	\$ -	\$ -
State sources	-	-	741	-	2,293
Federal sources	-	-	-	12,998	-
Interest income	22	9	-	-	-
Total revenues	8,597	3,355	741	12,998	2,293
EXPENDITURES:					
Current:					
Education:					
Salaries	-	-	-	-	-
Benefits	-	-	-	-	-
Purchased services	-	-	-	1,930	-
Supplies and materials	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	1,930	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,597	3,355	741	11,068	2,293
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(7,347)	(3,355)	(741)	(11,068)	(2,293)
Total other financing sources (uses)	(7,347)	(3,355)	(741)	(11,068)	(2,293)
NET CHANGE IN FUND BALANCE	1,250	-	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ 1,250	\$ -	\$ -	\$ -	\$ -

**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, 2009**

**SCHEDULE 8
(CONTINUED)**

	School Breakfast Fund	State Aid Fund	Truants Alternative/ Optional Education Program - ARRA State Aid	Alternative Resource Center (ARC) - ARRA State Aid	Total
REVENUES:					
Local sources	\$ 2,890	\$ -	\$ -	\$ -	\$ 14,811
State sources	-	479,932	-	-	482,966
Federal sources	-	-	114,677	27,180	154,855
Interest income	-	15,323	-	-	15,354
Total revenues	<u>2,890</u>	<u>495,255</u>	<u>114,677</u>	<u>27,180</u>	<u>667,986</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	-	350,379	110,590	42,353	503,322
Benefits	-	52,182	16,186	4,835	73,203
Purchased services	-	56,025	11,023	-	68,978
Supplies and materials	-	10,509	7,806	-	18,315
Miscellaneous	-	1,471	250	-	1,721
Payments to other governments	-	-	-	-	-
Capital outlay	-	4,322	550	-	4,872
Total expenditures	<u>-</u>	<u>474,888</u>	<u>146,405</u>	<u>47,188</u>	<u>670,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,890</u>	<u>20,367</u>	<u>(31,728)</u>	<u>(20,008)</u>	<u>(2,425)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	27,695	31,728	20,008	79,431
Transfers out	(2,890)	(64,582)	-	-	(92,276)
Total other financing sources (uses)	<u>(2,890)</u>	<u>(36,887)</u>	<u>31,728</u>	<u>20,008</u>	<u>(12,845)</u>
NET CHANGE IN FUND BALANCE	-	(16,520)	-	-	(15,270)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>598,649</u>	<u>-</u>	<u>-</u>	<u>598,649</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 582,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,379</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009**

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>Total</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 28,931	\$ 1,512	\$ -	\$ -	\$ (150)	\$ 30,293
Accounts receivable	-	-	-	-	150	150
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>28,931</u>	<u>1,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,443</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Due to other governments	270	-	-	-	-	270
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270</u>
FUND BALANCES (DEFICIT)						
Unreserved	<u>28,661</u>	<u>1,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,173</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 28,931</u>	<u>\$ 1,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,443</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, 2009

SCHEDULE 10

	Institute Fund	Bus Driver Fund	General Education Development Fund	Supervisory Fund	Job Bank Fund	Total
REVENUES:						
Local sources	\$ 6,983	\$ 948	\$ 6,394	\$ -	\$ 1,350	\$ 15,675
State sources	-	632	-	4,000	-	4,632
Federal Sources	-	-	-	-	-	-
Interest income	417	18	12	2	-	449
Total revenues	<u>7,400</u>	<u>1,598</u>	<u>6,406</u>	<u>4,002</u>	<u>1,350</u>	<u>20,756</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	3,227	-	125	-	-	3,352
Benefits	-	-	10	-	-	10
Purchased services	390	1,905	2,406	9,769	1,350	15,820
Supplies and materials	501	24	3,242	-	-	3,767
Miscellaneous	5,205	-	-	410	-	5,615
Payments to other governments	-	-	-	-	-	-
Capital outlay	-	-	739	-	-	739
Total expenditures	<u>9,323</u>	<u>1,929</u>	<u>6,522</u>	<u>10,179</u>	<u>1,350</u>	<u>29,303</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,923)	(331)	(116)	(6,177)	-	(8,547)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	13	6,177	-	6,190
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13</u>	<u>6,177</u>	<u>-</u>	<u>6,190</u>
NET CHANGES IN FUND BALANCES	(1,923)	(331)	(103)	-	-	(2,357)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>30,584</u>	<u>1,843</u>	<u>103</u>	<u>-</u>	<u>-</u>	<u>32,530</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 28,661</u>	<u>\$ 1,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,173</u>