



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

FINANCIAL AUDIT

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

For the Year Ended June 30, 2010

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 Effective April 16, 2011)

Honorable Jeff Stephens

Regional Superintendent
(During the audit period)

Honorable Stephen Breese

Assistant Regional Superintendent
(During the audit period)

Mr. Jeff Stephens

Offices are located at:

110 N. West Street
Jacksonville, IL 62650

**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	2	1
Prior recommendations implemented or not repeated	1	2

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)			
10-1	10	Controls Over Compliance with Laws and Regulations	Noncompliance
10-2	12	Inadequate Controls Over Property and Equipment	Significant Deficiency
10-3	15	Controls Over Financial Statement Preparation	Significant Deficiency

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

09-2	21	Inadequate Internal Control Procedures	Significant Deficiency
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**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46**

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Brown/Cass/Morgan/Scott Counties Regional Office of Education #46 personnel at an exit conference held on November 23, 2011. Attending were Regional Superintendent, Jeffrey Stephens, Bookkeeper, Kris Lantz-Kaufmann, Independent Accountant, John Eyth, Kelly Mittelstaedt, ROE Audit Manager, and Jeannie Kim, ROE Audit Staff. Responses to the recommendations were provided by Jeffrey Stephens, Regional Superintendent on December 9, 2011.

**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, 2010, 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.

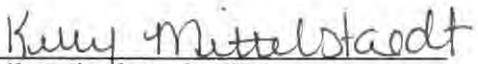
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46, as of June 30, 2010, 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 December 14, 2011, 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, CPA
December 14, 2011

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OFFICE OF THE AUDITOR GENERAL

WILLIAM G. HOLLAND

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable William G. Holland
Auditor General
State of Illinois

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, 2010, 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 December 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 10-2 and 10-3 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

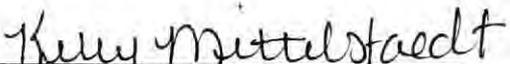
As part of obtaining reasonable assurance about whether the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 10-1.

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 December 14, 2011.

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 entity, 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
December 14, 2011

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

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, 2010**

Section II: Financial Statement Findings:

Finding No. 10-1 Controls Over Compliance with Laws and Regulations
(Repeat from 2009-No. 09-1)

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 all building plans and specifications as required by 105 ILCS 5/3-14.20. During testing of 8 building plans and specifications submitted to the Regional Office by school districts, auditors noted the following:

- 5 of 8 building plans submitted lacked required documentation showing Regional Office inspection.
- 1 of 8 building plan inspections did not have the Regional Superintendent's signature on the building permit.
- The Regional Office did not maintain its own listing of building inspection submissions. It relied on a listing from the Illinois State Board of Education (ISBE) website that did not clearly identify submissions for building inspections.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

Finding No. 10-1 Controls Over Compliance with Laws and Regulations
(Repeat from 2009-No. 09-1) (Concluded)

Effect:

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

Cause:

According to Regional Office officials, the ROE #46 Office attempts to comply with all statutory requirements. This situation happened in part due to a change in the personnel responsible for conducting this portion of the work within the office.

Auditor's Recommendation:

The Regional Office of Education #46 should comply with the requirements of 105 ILCS 5/3-14.20 and maintain all required documentation for building inspections and have it appropriately approved. In addition, the Regional Office should maintain documentation showing all building plans submitted by school boards for inspection.

Management's Response:

Upon notification by the auditors of the paperwork exceptions, the ROE feels we have been in full compliance after March 2010. We will continue to monitor this part of the operations to insure that all documentation is done.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010

Section II: Financial Statement Findings:

Finding No. 10-2 – Inadequate Controls Over Property and Equipment

Criteria/Specific Requirement:

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

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

In addition, the Illinois State Board of Education's *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* requires that property records for assets purchased with grant funds, must be maintained, that include: description of the property; serial number or other identification number; source of property; who holds title; acquisition date and cost of property; percentage of State/federal participation in the cost of the property; location, use and condition of the property; and disposition date including the date of disposal and sale price of the property.

Condition:

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

The inventory listing provided by the Regional Office was inaccurate and incomplete. We noted the following:

- Many items on the inventory listings did not include all information required by the ROE Accounting Manual and the Illinois State Board of Education's *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures*.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

Finding No. 10-2 – Inadequate Controls Over Property and Equipment

- There were many inconsistencies in the inventory listings and many items lacked sufficient detailed descriptions and information for identification.
- 2 items from the fixed asset listing did not have the correct value assigned at the time of donation.

Effect:

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

Cause:

According to Regional Office officials, most of the fixed assets that were underreported were items that had been donated to the program. While this equipment does have value, mostly it would be considered non-consequential to many businesses. At the time, the Regional Office felt it did not need to assign a value to these items, however, it does understand the need for better records.

Auditor's Recommendation:

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 should establish and implement more detailed written policies and procedures for inventory that comply with the requirements of both the ROE Accounting Manual and the Illinois State Board of Education's *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010

Section II: Financial Statement Findings:

Finding No. 10-2 – Inadequate Controls Over Property and Equipment (Concluded)

The policies and procedures should be updated on a periodic basis or at least annually and include the following:

- procedures for the individual responsible for annual inventory listings to ensure annually that all lists are consistently completed and accurate;
- procedures for documenting, recording, and assigning values for donated items;
- procedures for recording and updating inventory and asset listings as assets are purchased; and
- procedures for the disposition of assets.

Management's Response:

The ROE has had property and equipment procedures in place for several years and continues to follow those procedures. Errors were made on the inventory and asset listing and have since been corrected. The vast majority of our equipment is used and donated and not immediately, if ever, put into service. It is placed in storage and much of it is never used and goes directly to be recycled.

The ROE has updated procedures to tag items and place them on the fixed asset listing only if and when the item is put into service. The ROE has also prepared for better tracking and documentation of equipment or inventory items before they are moved from one location to another. In addition, the ROE has implemented a more detailed listing of items being recycled. The ROE will also ensure that each employee's inventory listing for their area will be complete to include serial number and description.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

Finding No. 10-3 – Controls Over Financial Statement Preparation (Repeat from 2009-No. 09-3, 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 fiscal year 2010 beginning fund balances in the accounting records provided to auditors did not agree to the prior year's ending fund balance for some of the accounts due to prior year adjusting journal entries not being recorded correctly. Additional adjusting entries were necessary to correct the accounting records.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

Finding No. 10-3 – Controls Over Financial Statement Preparation (Repeat from 2009-No. 09-3, 2008-No. 08-1 and 2007-No. 07-9) (Concluded)

Effect:

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

Cause:

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

Auditor's Recommendation:

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

Management's Response:

The ROE has made great strides in improving its year-ending general ledger. We continue to improve our system in an effort to meet the necessary requirements. We are limited as to what adjusting journal entries can be made as our accounting system does not allow us to add new accounts to our chart of accounts going back to prior fiscal years. We made efforts to try to book all audit adjustments proposed by auditors but were limited due to the system limitations, which was understood between the auditing team and the ROE. We understand errors were made and will continue to improve our review. Due to continued funding limitations and uncertainties, the ROE does not foresee the ability to hire a CPA to prepare full financial statements for future audits.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

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, 2010**

Finding No. 10-1 Controls Over Compliance with Laws and Regulations

(Repeat from 2009-No. 09-1)

Condition:

The Regional Office of Education #46 did not document its review and approval of all building plans and specifications as required by 105 ILCS 5/3-14.20. During testing of 8 building plans and specifications submitted to the Regional Office by school districts, auditors noted the following:

- 5 of 8 building plans submitted lacked required documentation showing Regional Office inspection.
- 1 of 8 building plan inspections did not have the Regional Superintendent's signature on the building permit.
- The Regional Office did not maintain its own listing of building inspection submissions. It relied on a listing from the Illinois State Board of Education (ISBE) website that did not clearly identify submissions for building inspections.

Plan:

The ROE has acquired more training for all involved in this process and will continue to seek outside affirmation that the processes that are currently in place do the job of adequately accounting for all paperwork that needs to be done.

Anticipated Date of Completion:

These changes are already in place.

Name of Contact Person:

Honorable Jeff Stephens, 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, 2010**

Finding No. 10-2 – Inadequate Controls Over Property and Equipment

Condition:

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

The inventory listing provided by the Regional Office was inaccurate and incomplete. We noted the following:

- Many items on the inventory listings did not include all information required by the ROE Accounting Manual and the Illinois State Board of Education's *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures*.
- There were many inconsistencies in the inventory listings and many items lacked sufficient detailed descriptions and information for identification.
- 2 items from the fixed asset listing did not have the correct values assigned at the time of donation.

Plan:

The ROE is continuing to review and revise its inventory and equipment oversight to meet the necessary requirements.

Anticipated Date of Completion:

By fiscal year-end 2012

Name of Contact Person:

Honorable Jeff Stephens, 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, 2010**

Finding No. 10-3 – Controls Over Financial Statement Preparation (Repeat from 2009-No. 09-3, 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 fiscal year 2010 beginning fund balances in the accounting records provided to auditors did not agree to the prior year's ending fund balance for some of the accounts due to prior year adjusting journal entries not being recorded correctly. Additional adjusting entries were necessary to correct the accounting records.

Plan:

The ROE will continue to review and make improvements to year-end general ledger integrity.

Anticipated Date of Completion:

By fiscal year-end 2012

Name of Contact Person:

Honorable Jeff Stephens, Regional Superintendent

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 June 30, 2010**

Finding No.	Condition	Current Status
09-1	Controls Over Compliance with Laws and Regulations	Repeated
09-2	Inadequate Internal Control Procedures	See Note Below
09-3	Controls Over Financial Statement Preparation	Repeated

Note: Although the Regional Office of Education #46 has not fully implemented the corrective action plan associated with this finding during fiscal year 2010, they have made significant progress in addressing the condition. Therefore, the effect of the condition is inconsequential to the specific programs and the overall financial statements and is now being addressed with management in a separate letter dated December 14, 2011.

BASIC FINANCIAL STATEMENTS

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current:		
Cash and cash equivalents	\$ 458,702	\$ 458,702
Accounts receivable	169,579	169,579
Due from other governments	153,321	153,321
Total current assets	781,602	781,602
Noncurrent:		
Capital assets, being depreciated, net	35,708	35,708
Total assets	817,310	817,310
LIABILITIES		
Current:		
Accounts payable	138,253	138,253
Due to other governments	43,946	43,946
Deferred revenue	3,864	3,864
Total liabilities	186,063	186,063
NET ASSETS		
Investment in capital assets, net of related debt	35,708	35,708
Unrestricted	579,566	579,566
Restricted for teacher professional development	15,973	15,973
Total net assets	\$ 631,247	\$ 631,247

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, 2010**

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets Primary Government	
			Governmental Activities	Total
Primary government:				
Governmental activities:				
Education:				
Salaries	\$ 1,057,497	\$ 825,560	\$ (231,937)	\$ (231,937)
Benefits	176,710	137,953	(38,757)	(38,757)
Purchased services	315,044	245,947	(69,097)	(69,097)
Supplies and materials	64,661	50,479	(14,182)	(14,182)
Capital outlay	-	-	-	-
Miscellaneous	30,843	24,078	(6,765)	(6,765)
Payments to other governments	1,321	1,032	(289)	(289)
Depreciation expense	11,932	-	(11,932)	(11,932)
Administrative:				
On-behalf payments	385,195	-	(385,195)	(385,195)
Total primary government	<u>2,043,203</u>	<u>1,285,049</u>	<u>(758,154)</u>	<u>(758,154)</u>
General revenues:				
Local sources			261,013	261,013
Interest income			8,505	8,505
Contributions not restricted to specific program			6,147	6,147
On-behalf payments			385,195	385,195
Total general revenues			<u>660,860</u>	<u>660,860</u>
CHANGE IN NET ASSETS			(97,294)	(97,294)
NET ASSETS, BEGINNING OF YEAR			<u>728,541</u>	<u>728,541</u>
NET ASSETS, END OF YEAR			<u>\$ 631,247</u>	<u>\$ 631,247</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, 2010

	<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 and cash equivalents	\$ 53,310	\$ 91,434	\$ 282,538	\$ 31,420	\$ 458,702
Accounts receivable	160,886	6,000	2,543	150	169,579
Due from other governments	31,500	121,821	-	-	153,321
Due from other funds	-	-	265,682	-	265,682
TOTAL ASSETS	<u>245,696</u>	<u>219,255</u>	<u>550,763</u>	<u>31,570</u>	<u>1,047,284</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	7,913	62,887	54,880	12,573	138,253
Due to other governments	-	43,946	-	-	43,946
Due to other funds	171,203	93,315	1,014	150	265,682
Deferred revenue	97,444	86,178	-	-	183,622
Total liabilities	<u>276,560</u>	<u>286,326</u>	<u>55,894</u>	<u>12,723</u>	<u>631,503</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	(30,864)	-	-	-	(30,864)
Special revenue funds	-	(67,071)	494,869	18,847	446,645
Total fund balances	<u>(30,864)</u>	<u>(67,071)</u>	<u>494,869</u>	<u>18,847</u>	<u>415,781</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 245,696</u>	<u>\$ 219,255</u>	<u>\$ 550,763</u>	<u>\$ 31,570</u>	<u>\$ 1,047,284</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, 2010**

Total fund balances - governmental funds (page 24)	\$ 415,781
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.	35,708
Some revenues will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	<u>179,758</u>
Net assets of governmental activities (page 22)	<u><u>\$ 631,247</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, 2010

	<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	\$ 224,746	\$ 114	\$ 13,833	\$ 22,320	\$ 261,013
State sources	241,285	167,706	472,674	4,632	886,297
Federal sources	-	96,883	122,111	-	218,994
Interest income	994	488	6,624	399	8,505
On-behalf payments	385,195	-	-	-	385,195
Total revenues	<u>852,220</u>	<u>265,191</u>	<u>615,242</u>	<u>27,351</u>	<u>1,760,004</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	348,859	213,814	488,171	6,653	1,057,497
Benefits	46,081	38,884	89,721	2,024	176,710
Purchased services	125,320	110,136	63,996	15,592	315,044
Supplies and materials	9,112	15,234	31,387	8,928	64,661
Miscellaneous	12,297	4,108	3,044	11,394	30,843
Payments to other governments	-	1,321	-	-	1,321
On-behalf payments	385,195	-	-	-	385,195
Capital outlay	-	-	-	-	-
Total expenditures	<u>926,864</u>	<u>383,497</u>	<u>676,319</u>	<u>44,591</u>	<u>2,031,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(74,644)</u>	<u>(118,306)</u>	<u>(61,077)</u>	<u>(17,240)</u>	<u>(271,267)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	16,013	30,449	87,243	5,914	139,619
Transfers out	(21,690)	(3,253)	(114,676)	-	(139,619)
Total other financing sources (uses)	<u>(5,677)</u>	<u>27,196</u>	<u>(27,433)</u>	<u>5,914</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(80,321)	(91,110)	(88,510)	(11,326)	(271,267)
FUND BALANCES, BEGINNING OF YEAR	<u>49,457</u>	<u>24,039</u>	<u>583,379</u>	<u>30,173</u>	<u>687,048</u>
FUND BALANCES, END OF YEAR	<u>\$ (30,864)</u>	<u>\$ (67,071)</u>	<u>\$ 494,869</u>	<u>\$ 18,847</u>	<u>\$ 415,781</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, 2010**

Net change in fund balances (page 26) \$ (271,267)

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	\$ -	
Depreciation expense	<u>(11,932)</u>	(11,932)

Contributed capital asset recorded in government-wide Financial Statements, not Fund Financial Statements		6,147
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Some revenues will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		<u>179,758</u>
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Change in net assets of governmental activities (page 23) \$ (97,294)

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

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

Exhibit G

	<u>Agency Fund</u>
ASSETS	
Due from other governments	<u>\$ 127,797</u>
TOTAL ASSETS	<u><u>\$ 127,797</u></u>
LIABILITIES	
Due to other governments	<u>\$ 127,797</u>
TOTAL LIABILITIES	<u><u>\$ 127,797</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
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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:

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

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Concluded)

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.

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.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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.

Teacher Certification Information Systems – to account for revenue received from the Illinois State Board of Education to administrate the completion of system improvements to the State teacher certification software program.

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

Media Center – 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.

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.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Illinois School for the Deaf – Contracted arrangement with Illinois School for the Deaf (ISD) and Illinois Department of Human Services to provide payroll 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 payroll 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.

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.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Title II – Teacher Quality – RESPRO – to account for a grant to provide Title II coaches to assist Title II Schools with professional development.

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.

Feasibility Study – to account for State funding received for a feasibility study for possible district consolidation between Meredosia-Chambersburg, Virginia, and Triopia Schools.

Gifted Education – to account for State funding to administrate the Gifted Education program in ROE #46's four counties.

American Recovery and Reinvestment Act (ARRA) Homeless - Federal funds to pay qualifying expenses associated with McKinney Education for Homeless Assistance Act.

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.

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, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Concluded)

Truants Alternative/Optional Education State Aid Fund – to account for General State Aid revenues and disbursements associated with the Truants Alternative/Optional Education Program (TAOEP).

Alternative Resource Center (ARC) – State Aid Fund – to account for General State Aid revenues and disbursements associated with the ARC Safe Schools Program.

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.

Fiduciary Funds

Agency Funds - are used to account for assets held in a trustee capacity or as an agent for individuals, private, or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

School Facility Occupation Tax – 1 percent sales tax collected in Cass County for school facility maintenance and improvements to be distributed to the following districts: A-C Central, Beardstown, Meredosia-Chambersburg, PORTA, Triopia, and Virginia.

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 and fiduciary 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. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

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.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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, 2010 and is not legally required to do so. The Illinois State Board of Education and Department of Human Services require budgets for certain programs. These budgets were used to prepare budgetary comparison schedules for the following programs: ROE/ISC Operations Fund, Truants Alternative/Optional Education Fund, Regional Safe Schools Fund, Title I-Reading First Part B SEA Fund, Title IV- Safe and Drug Free Schools – Formula Fund, and Title II - Teacher Quality Fund, Title III-English Language Learners, and Gifted Education.

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, 2010, the carrying amount of the government-wide and agency funds deposits were \$458,702 and \$0, respectively and the bank balances were \$554,967 and \$0 respectively.

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, 2010, \$416,594 was secured by federal depository insurance and \$130,000 was collateralized by securities pledged by the Regional Office of Education #46's financial institution on behalf of the Regional Office.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

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, 2010, Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 had investments with carrying and fair values of \$8,372 invested in the Illinois Funds Money Market Fund.

Credit risk - At June 30, 2010 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.

NOTE 3 - DUE FROM/TO OTHER GOVERNMENTS

The due from/to other governments for governmental funds is all due from/to the Illinois State Board of Education. The agency fund due to other governments is due to school districts in Cass County. The Regional Office of Education #46's due from/to other governments at June 30, 2010 consists of the following:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds		
<u>General Fund</u>		
ROE/ISC Operations	\$ 31,500	\$ -
<u>Education Fund</u>		
Truants Alternative/Optional Education Fund	62,018	-
Regional Safe Schools Fund	57,222	-
Title I – Reading First Part B SEA Fund	-	6,339
Title II – Teacher Quality -RESPRO	-	3,806
McKinney Education for Homeless Children Fund	2,525	-
Title III – English Language Learners	56	-
Gifted Education	-	33,801
Agency Fund		
School Facility Occupation Tax	<u>127,797</u>	<u>127,797</u>
Total	<u>\$ 281,118</u>	<u>\$ 171,743</u>

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities:				
Furniture and equipment	\$ 99,919	\$ 6,147	\$ -	\$ 106,066
Less accumulated depreciation	<u>58,426</u>	<u>11,932</u>	<u>-</u>	<u>70,358</u>
Total capital assets, net	<u>\$ 41,493</u>	<u>\$ (5,785)</u>	<u>\$ -</u>	<u>\$ 35,708</u>

Depreciation expense was charged as follows:

Governmental activities:	
Depreciation expense	<u>\$ 11,932</u>

Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

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 three rental agreements and one operating lease agreement all which are renewable annually. Rent expense for FY 2010 was \$44,600. These agreements were for the Regional Office of Education’s Beardstown Office, Lafayette Center/Alternative Resource Center (ARC) in Jacksonville, the Jefferson Center, and the Regional Office of Education’s Jacksonville Office.

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, 2010, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

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

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

- 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, 2010, the State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #46, recognized revenue and expenditures of \$172,784 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$127,376) and 13.11 percent (\$35,978), respectively.

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, 2010 were \$3,224. Contributions for the years ending June 30, 2009 and June 30, 2008, were \$3,263 and \$2,358, respectively.
- 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, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and June 30, 2008, the employer contribution was 17.08 percent and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$23,000 were paid from federal and special trust funds that required Regional Office of Education #46 employer contributions of \$5,377. For the years ended June 30, 2009 and June 30, 2008, there were no salaries paid from federal and special trust funds.
- Early Retirement Option (ERO). 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.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service. Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended June 30, 2010, the Regional Office of Education #46 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, 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, 2010, June 30, 2009, and June 30, 2008, the Regional Office of Education #46 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent.
 - If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010). For the years ended June 30, 2010, June 30, 2009, and June 30, 2008, the Regional Office of Education #46 paid \$0 in employer contributions granted for sick leave days.

Further Information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, was available in early 2011. 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.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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 statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 7.79 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.

Annual Pension Cost. For fiscal year ending December 31, 2009, the Regional Office of Education #46’s annual pension cost of \$29,200 for the Regular plan was equal to Regional Office of Education #46’s required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 29,200	100%	\$ 0
12/31/08	30,224	100%	0
12/31/07	24,643	100%	0

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10 % per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #46’s Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Regional Office of Education #46’s Regular plan’s 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, 2007, valuation was 5 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 83.38 percent funded. The actuarial accrued liability for benefits was \$862,265 and the actuarial value of assets was \$718,914, resulting in an underfunded actuarial accrued liability (UAAL) of \$143,351. The covered payroll (annual payroll of active employees covered by the plan) was \$374,843 and the ratio of the UAAL to the covered payroll was 38 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Concluded)

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

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

Illinois Municipal Retirement Fund

The Regional Office has evaluated its potential other post employment benefits liability. Former employees who choose to retain their rights to health insurance through the Regional Office are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Regional Office's health insurance plan. Therefore, there has been zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Regional Office had no former employees for which the it was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon r etirement. T herefore, the Regional Office has not recorded any post employment benefit liability as of June 30, 2010.

Teachers' Health Insurance Security Fund

The Regional Office of Education #46 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS.

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

- On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #46. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$4,669, and the Regional Office of Education #46 recognized revenue and expenditures of this amount during the year.

Had the Regional Office of Education #46 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008 under the current standards, the contribution match would have been 0.84 percent of pay or \$6,264 and \$4,746, respectively.

- **Employer contributions to THIS Fund.** The Regional Office of Education #46 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the Regional Office of Education #46 paid \$3,502 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education #46 paid \$3,544 and \$2,414 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 8 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net assets and funds which over expend appropriations during the year are required to be disclosed.

**BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 8 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office’s fiscal year ends, they are not considered “available” revenues and are deferred in the governmental funds. The following funds had deficit fund balances at June 30, 2010. The deficits will be covered by normal operations or fund transfers.

General Fund

ROE/ISC Operations	\$ (20,000)
Illinois School for the Deaf	(37,374)
Illinois School for the Visually Impaired	(37,491)

Education Fund

Truants Alternative/Optional Education Fund	(40,746)
Regional Safe Schools	(38,148)
Feasibility Study	(6,000)
Total Deficit Fund Balances	<u><u>\$ (179,759)</u></u>

NOTE 9 - 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)	14,446
Assistant Regional Superintendent - salary	86,791
Assistant Regional Superintendent - benefits (includes State paid insurance)	10,070
TRS on-behalf payments	<u>177,453</u>
Total on-behalf payments	<u><u>\$ 385,195</u></u>

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

NOTE 10 - NEW PRONOUNCEMENTS

Effective July 1, 2009, the Brown, Cass, Morgan, and Scott Counties Regional Office of Education #46 adopted the following pronouncements: GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. 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, 2010

NOTE 11 – 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, 2010:

<u>Fund</u>	<u>Transfers-out</u>	<u>Transfers-in</u>
General Fund		
County Support	\$ 8,352	14,437
ROE/ISC Operations	-	111
Gifted District Fund	-	1,375
School Directory	2	-
Teacher Certification Information Systems	3,313	-
Identix Fingerprinting Fund	-	90
Star Online	126	-
Illinois School for the Deaf	5,837	-
Illinois School for the Visually Impaired	4,060	-
Education Fund		
ROE School Improvement Fund	2,023	129
Truants Alternative/Optional Education Fund	-	22,914
Regional Safe Schools Fund	-	4,431
Title I-School Improvement and Accountability- RESPRO	-	521
Title I-Reading First Part B SEA Fund	128	-
McKinney Education for Homeless Children Fund	-	115
Standards Aligned Classroom Fund	-	2,213
Title II- Teacher Quality Fund	2	-
Title III-English Language Learners	1,100	125
ARRA Homeless	-	1
Alternative Schools Fund		
Registration Fees Fund	4,706	-
Paid Lunches Fund	3,866	-
State Lunch Fund	1,234	-
National School Lunch Fund	17,663	-
School Breakfast Fund	4,231	-
Truants Alternative/Optional Education State Aid Fund	77,712	31,703
Alternative Resource Center (ARC) State Aid Fund	5,264	51,694
Truants Alternative/Optional Education Program- ARRA State Aid	-	3,050
Alternative Resource Center (ARC)-ARRA State Aid	-	796
Nonmajor Special Revenue Fund		
Supervisory Fund	-	5,914
Total	<u>\$ 139,619</u>	<u>\$ 139,619</u>

BROWN, CASS, MORGAN, AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 – 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, 2010:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund		
ROE/ISC Operations	\$	\$ 31,500
Teacher Certification Information Systems		4,782
Illinois School for the Deaf		85,067
Illinois School for the Visually Impaired		49,854
Education Fund		
Truants Alternative/Optional Education Fund		47,717
Regional Safe Schools		43,073
McKinney Education for Homeless Children		2,525
Alternative Schools Fund		
Truants Alternative/Optional Education		
State Aid Fund	265,682	
Registration Fees Fund		875
Paid Lunches Fund		139
NonMajor Special Revenue Funds		
Job Bank Fund		150
Total	<u>\$ 265,682</u>	<u>\$ 265,682</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, 2010**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 718,914	\$ 862,265	\$ 143,351	83.38%	\$ 374,843	38.24%
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 %

OTHER SUPPLEMENTARY INFORMATION

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2010**

SCHEDULE 1

	<u>County Support</u>	<u>ROE/ISC Operations</u>	<u>Gifted District Fund</u>	<u>School Directory</u>	<u>Teacher Certification Information Systems</u>	<u>Spelling Bee Fund</u>
ASSETS						
Cash and cash equivalents	\$ 47,660	\$ -	\$ -	\$ -	\$ -	\$ 336
Accounts receivable	15,168	-	-	-	9,802	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	31,500	-	-	-	-
TOTAL ASSETS	<u>62,828</u>	<u>31,500</u>	<u>-</u>	<u>-</u>	<u>9,802</u>	<u>336</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	1,414	-	-	-	5,020	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	31,500	-	-	4,782	-
Deferred revenue	2,580	20,000	-	-	-	-
Total liabilities	<u>3,994</u>	<u>51,500</u>	<u>-</u>	<u>-</u>	<u>9,802</u>	<u>-</u>
FUND BALANCE						
Unreserved	<u>58,834</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 62,828</u>	<u>\$ 31,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,802</u>	<u>\$ 336</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2010**

**SCHEDULE 1
(CONTINUED)**

	<u>Media Center</u>	<u>Identix Fingerprinting 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 and cash equivalents	\$ 1,895	\$ 3,419	\$ -	\$ -	\$ -	\$ 53,310
Accounts receivable	-	-	-	85,731	50,185	160,886
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	31,500
TOTAL ASSETS	<u>1,895</u>	<u>3,419</u>	<u>-</u>	<u>85,731</u>	<u>50,185</u>	<u>\$ 245,696</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	329	154	-	665	331	7,913
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	85,067	49,854	171,203
Deferred revenue	-	-	-	37,373	37,491	97,444
Total liabilities	<u>329</u>	<u>154</u>	<u>-</u>	<u>123,105</u>	<u>87,676</u>	<u>276,560</u>
FUND BALANCE						
Unreserved	<u>1,566</u>	<u>3,265</u>	<u>-</u>	<u>(37,374)</u>	<u>(37,491)</u>	<u>(30,864)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,895</u>	<u>\$ 3,419</u>	<u>\$ -</u>	<u>\$ 85,731</u>	<u>\$ 50,185</u>	<u>\$ 245,696</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, 2010

SCHEDULE 2

	County Support	ROE/ISC Operations	Gifted District Fund	School Directory	Teacher Certification Information Systems	Spelling Bee Fund
REVENUES:						
Local sources	\$ 194,083	\$ -	\$ 3,472	\$ -	\$ -	\$ 1,400
State sources	-	35,566	-	-	69,802	-
Federal Sources	-	-	-	-	-	-
Interest income	960	-	1	-	11	2
On-behalf payments	-	385,195	-	-	-	-
Total revenues	<u>195,043</u>	<u>420,761</u>	<u>3,473</u>	<u>-</u>	<u>69,813</u>	<u>1,402</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	117,196	40,904	-	-	-	-
Benefits	29,837	12,174	-	-	-	-
Purchased services	27,942	2,018	3,165	-	66,500	191
Supplies and materials	3,253	581	218	-	-	972
Miscellaneous	12,297	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
On-behalf payments	-	385,195	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>190,525</u>	<u>440,872</u>	<u>3,383</u>	<u>- -</u>	<u>66,500</u>	<u>1,163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,518	(20,111)	90	- -	3,313	239
OTHER FINANCING SOURCES (USES):						
Transfers in	14,437	111	1,375	-	-	-
Transfers out	(8,352)	-	-	(2)	(3,313)	-
Total other financing sources (uses)	<u>6,085</u>	<u>111</u>	<u>1,375</u>	<u>(2)</u>	<u>(3,313)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	10,603	(20,000)	1,465	(2) -	-	239
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>48,231</u>	<u>-</u>	<u>(1,465)</u>	<u>2</u>	<u>-</u>	<u>97</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 58,834</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336</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, 2010

SCHEDULE 2
(CONTINUED)

	Media Center	Identix Fingerprinting Fund	Star Online	Illinois School for the Deaf	Illinois School for the Visually Impaired	Total
REVENUES:						
Local sources	\$ 15,650	\$ 10,031	\$ 110	\$ -	\$ -	\$ 224,746
State sources	-	-	-	85,732	50,185	241,285
Federal Sources	-	-	-	-	-	-
Interest income	17	2	1	-	-	994
On-behalf payments	-	-	-	-	-	385,195
Total revenues	<u>15,667</u>	<u>10,033</u>	<u>111</u>	<u>85,732</u>	<u>50,185</u>	<u>852,220</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	-	-	111,002	79,757	348,859
Benefits	-	-	-	2,591	1,479	46,081
Purchased services	11,870	7,578	-	3,676	2,380	125,320
Supplies and materials	4,088	-	-	-	-	9,112
Miscellaneous	-	-	-	-	-	12,297
Payments to other governments	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	385,195
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>15,958</u>	<u>7,578</u>	<u>-</u>	<u>117,269</u>	<u>83,616</u>	<u>926,864</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(291)	2,455	111	(31,537)	(33,431)	(74,644)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	90	-	-	-	16,013
Transfers out	-	-	(126)	(5,837)	(4,060)	(21,690)
Total other financing sources (uses)	<u>-</u>	<u>90</u>	<u>(126)</u>	<u>(5,837)</u>	<u>(4,060)</u>	<u>(5,677)</u>
NET CHANGES IN FUND BALANCE	(291)	2,545	(15)	(37,374)	(37,491)	(80,321)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>1,857</u>	<u>720</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>49,457</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 1,566</u>	<u>\$ 3,265</u>	<u>\$ -</u>	<u>\$ (37,374)</u>	<u>\$ (37,491)</u>	<u>\$ (30,864)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNT
Year Ended June 30, 2010**

SCHEDULE 3

	ROE/ISC Operations			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Local sources	-	-	-	-
State sources	35,430	55,566	35,566	(20,000)
Federal sources	-	-	-	-
Interest income	-	-	-	-
On-behalf payments	-	-	385,195	385,195
Total revenues	<u>35,430</u>	<u>55,566</u>	<u>420,761</u>	<u>365,195</u>
EXPENDITURES:				
Current:				
Salaries	25,000	40,638	40,904	(266)
Benefits	8,456	12,258	12,174	84
Purchased services	1,474	2,170	2,018	152
Supplies and materials	500	500	581	(81)
Miscellaneous	-	-	-	-
Payments to other governments	-	-	-	-
On-behalf payments	-	-	385,195	(385,195)
Capital outlay	-	-	-	-
Total expenditures	<u>35,430</u>	<u>55,566</u>	<u>440,872</u>	<u>(385,306)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			<u>(20,111)</u>	<u>(20,111)</u>
OTHER FINANCING SOURCES:				
Transfers in			111	
Transfers out			<u>-</u>	
Total other financing sources (uses)			<u>111</u>	
NET CHANGES IN FUND BALANCE			(20,000)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (20,000)</u>	

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2010**

SCHEDULE 4

	<u>ROE School Improvement Fund</u>	<u>Dental Sealant Fund</u>	<u>Truants Alternative/ Optional Education Fund</u>	<u>Regional Safe Schools Fund</u>	<u>Title I - School Improvement and Accountability - RESPRO</u>	<u>Title I - Reading First Part B SEA Fund</u>
ASSETS						
Cash and cash equivalents	\$ 7,210	\$ 9,505	\$ -	\$ -	\$ 1,694	\$ 23,144
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	62,018	57,222	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>7,210</u>	<u>9,505</u>	<u>62,018</u>	<u>57,222</u>	<u>1,694</u>	<u>23,144</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	-	-	14,301	14,149	410	16,805
Due to other governments	-	-	-	-	-	6,339
Due to other funds	-	-	47,717	43,073	-	-
Deferred revenue	-	-	40,746	38,148	1,284	-
Total liabilities	<u>-</u>	<u>-</u>	<u>102,764</u>	<u>95,370</u>	<u>1,694</u>	<u>23,144</u>
FUND BALANCE						
Fund balance (deficit), unreserved	<u>7,210</u>	<u>9,505</u>	<u>(40,746)</u>	<u>(38,148)</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 7,210</u>	<u>\$ 9,505</u>	<u>\$ 62,018</u>	<u>\$ 57,222</u>	<u>\$ 1,694</u>	<u>\$ 23,144</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2010**

**SCHEDULE 4
(CONTINUED)**

	<u>McKinney Education for Homeless Children Fund</u>	<u>Standards Aligned Classroom Fund</u>	<u>Title II - Teacher Quality - RESPRO</u>	<u>Title IV - Safe and Drug Free Schools - Formula Fund</u>	<u>Title II - Teacher Quality Fund</u>	<u>Lice Busters Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 3,806	\$ -	\$ -	\$ 1,108
Accounts receivable	-	-	-	-	-	-
Due from other governments	2,525	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>2,525</u>	<u>-</u>	<u>3,806</u>	<u>-</u>	<u>-</u>	<u>1,108</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	3,806	-	-	-
Due to other funds	2,525	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>2,525</u>	<u>-</u>	<u>3,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Fund balance (deficit), unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,108</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 2,525</u>	<u>\$ -</u>	<u>\$ 3,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2010**

**SCHEDULE 4
(CONTINUED)**

	Title III - English Language Learners	Feasibility Study	Gifted Education	ARRA Homeless	Total
ASSETS					
Cash and cash equivalents	\$ 636	\$ -	\$ 44,331	\$ -	\$ 91,434
Accounts receivable	-	6,000	-	-	6,000
Due from other governments	56	-	-	-	121,821
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>692</u>	<u>6,000</u>	<u>44,331</u>	<u>-</u>	<u>219,255</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	692	6,000	10,530	-	62,887
Due to other governments	-	-	33,801	-	43,946
Due to other funds	-	-	-	-	93,315
Deferred revenue	-	6,000	-	-	86,178
Total liabilities	<u>692</u>	<u>12,000</u>	<u>44,331</u>	<u>-</u>	<u>286,326</u>
FUND BALANCE					
Fund balance (deficit), unreserved	<u>-</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>(67,071)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 692</u>	<u>\$ 6,000</u>	<u>\$ 44,331</u>	<u>\$ -</u>	<u>\$ 219,255</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, 2010**

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
REVENUES:						
Local sources	\$ 114	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	3,911	74,452	58,036	-	-
Federal sources	-	-	-	-	8,175	32,040
Interest income	45	40	-	-	27	24
Total revenues	<u>159</u>	<u>3,951</u>	<u>74,452</u>	<u>58,036</u>	<u>8,202</u>	<u>32,064</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	-	96,690	74,941	10,935	-
Benefits	-	-	16,987	11,504	1,379	-
Purchased services	1,599	1,668	20,854	14,170	1,038	30,762
Supplies and materials	-	516	3,581	-	738	1,180
Miscellaneous	18	25	-	-	-	69
Payments to other governments	-	-	-	-	1,321	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,617</u>	<u>2,209</u>	<u>138,112</u>	<u>100,615</u>	<u>15,411</u>	<u>32,011</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,458)	1,742	(63,660)	(42,579)	(7,209)	53
OTHER FINANCING SOURCES (USES):						
Transfers in	129	-	22,914	4,431	521	-
Transfers out	(2,023)	-	-	-	-	(128)
Total other financing sources (uses)	<u>(1,894)</u>	<u>-</u>	<u>22,914</u>	<u>4,431</u>	<u>521</u>	<u>(128)</u>
NET CHANGES IN FUND BALANCE	(3,352)	1,742	(40,746)	(38,148)	(6,688)	(75)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>10,562</u>	<u>7,763</u>	<u>-</u>	<u>-</u>	<u>6,688</u>	<u>75</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 7,210</u>	<u>\$ 9,505</u>	<u>\$ (40,746)</u>	<u>\$ (38,148)</u>	<u>\$ -</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, 2010**

**SCHEDULE 5
(CONTINUED)**

	McKinney Education for Homeless Children Fund	Standards Aligned Classroom Fund	Title II - Teacher Quality - RESPRO	Title IV - Safe and Drug Free Schools - Formula Fund	Title II - Teacher Quality Fund	Lice Busters Fund
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	1,660	-	-	-	-
Federal sources	10,100	-	21,001	146	1,421	-
Interest income	1	-	26	-	2	5
Total revenues	<u>10,101</u>	<u>1,660</u>	<u>21,027</u>	<u>146</u>	<u>1,423</u>	<u>5</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	8,800	(1)	6,900	-	-	-
Benefits	-	-	4,492	-	-	38
Purchased services	647	1,531	5,862	146	1,421	-
Supplies and materials	439	153	107	-	-	-
Miscellaneous	330	-	3,666	-	-	-
Payments to other governments	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>10,216</u>	<u>1,683</u>	<u>21,027</u>	<u>146</u>	<u>1,421</u>	<u>38</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(115)	(23)	-	-	2	(33)
OTHER FINANCING SOURCES (USES):						
Transfers in	115	2,213	-	-	-	-
Transfers out	-	-	-	-	(2)	-
Total other financing sources (uses)	<u>115</u>	<u>2,213</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	-	2,190	-	-	-	(33)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>(2,190)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,141</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108</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, 2010**

**SCHEDULE 5
(CONTINUED)**

	Title III - English Language Learners	Feasibility Study	Gifted Education	ARRA Homeless	Total
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 114
State sources	-	-	28,147	1,500	167,706
Federal sources	24,000	-	-	-	96,883
Interest income	35	-	282	1	488
Total revenues	<u>24,035</u>	<u>-</u>	<u>28,429</u>	<u>1,501</u>	<u>265,191</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	12,944	-	1,905	700	213,814
Benefits	3,996	-	488	-	38,884
Purchased services	3,018	6,000	20,618	802	110,136
Supplies and materials	3,102	-	5,418	-	15,234
Miscellaneous	-	-	-	-	4,108
Payments to other governments	-	-	-	-	1,321
Capital outlay	-	-	-	-	-
Total expenditures	<u>23,060</u>	<u>6,000</u>	<u>28,429</u>	<u>1,502</u>	<u>383,497</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	975	(6,000)	-	(1)	(118,306)
OTHER FINANCING SOURCES (USES):					
Transfers in	125	-	-	1	30,449
Transfers out	(1,100)	-	-	-	(3,253)
Total other financing sources (uses)	<u>(975)</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>27,196</u>
NET CHANGES IN FUND BALANCE	-	(6,000)	-	-	(91,110)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,039</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,071)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2010**

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	115,198	115,198	74,452	(40,746)	96,184	96,184	58,036	(38,148)
Federal sources	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Total revenues	<u>115,198</u>	<u>115,198</u>	<u>74,452</u>	<u>(40,746)</u>	<u>96,184</u>	<u>96,184</u>	<u>58,036</u>	<u>(38,148)</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	79,711	-	96,690	(96,690)	65,085	65,085	74,941	(9,856)
Benefits	14,414	-	16,987	(16,987)	11,587	11,587	11,504	83
Purchased services	21,022	-	20,854	(20,854)	19,512	19,512	14,170	5,342
Supplies and materials	51	-	3,581	(3,581)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>115,198</u>	<u>-</u>	<u>138,112</u>	<u>(138,112)</u>	<u>96,184</u>	<u>96,184</u>	<u>100,615</u>	<u>(4,431)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(63,660)				(42,579)	
OTHER FINANCING SOURCES (USES):								
Transfers in			22,914				4,431	
Transfers out			-				-	
Total other financing sources (uses)			<u>22,914</u>				<u>4,431</u>	
NET CHANGES IN FUND BALANCE			(40,746)				(38,148)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (40,746)</u>				<u>\$ (38,148)</u>	

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2010**

SCHEDULE 6
(CONTINUED)

	Title I - Reading First Part B SEA Fund				Title IV - Safe and Drug Free Schools - Formula 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	38,281	38,281	32,040	(6,241)	146	146	146	-
Interest income	-	-	24	24	-	-	-	-
Total revenues	<u>38,281</u>	<u>38,281</u>	<u>32,064</u>	<u>(6,217)</u>	<u>146</u>	<u>146</u>	<u>146</u>	<u>-</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-
Purchased services	38,101	38,101	30,762	7,339	146	146	146	-
Supplies and materials	180	180	1,180	(1,000)	-	-	-	-
Miscellaneous	-	-	69	(69)	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>38,281</u>	<u>38,281</u>	<u>32,011</u>	<u>6,270</u>	<u>146</u>	<u>146</u>	<u>146</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			53				-	
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			(128)				-	
Total other financing sources (uses)			<u>(128)</u>				<u>-</u>	
NET CHANGES IN FUND BALANCE			(75)				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>75</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, 2010**

**SCHEDULE 6
(CONTINUED)**

	Title II - Teacher Quality Fund				Title III - English Language Learners			
	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	1,421	1,421	1,421	-	24,000	24,000	24,000	-
Interest income	-	-	2	2	-	-	35	35
Total revenues	<u>1,421</u>	<u>1,421</u>	<u>1,423</u>	<u>2</u>	<u>24,000</u>	<u>24,000</u>	<u>24,035</u>	<u>35</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	-	-	-	-	3,300	12,900	12,944	(44)
Benefits	-	-	-	-	675	4,000	3,996	4
Purchased services	1,421	1,421	1,421	-	18,025	4,100	3,018	1,082
Supplies and materials	-	-	-	-	2,000	3,000	3,102	(102)
Miscellaneous	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>1,421</u>	<u>1,421</u>	<u>1,421</u>	<u>-</u>	<u>24,000</u>	<u>24,000</u>	<u>23,060</u>	<u>940</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			2				975	
OTHER FINANCING SOURCES (USES):								
Transfers in			-				125	
Transfers out			(2)				(1,100)	
Total other financing sources (uses)			<u>(2)</u>				<u>(975)</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, 2010**

**SCHEDULE 6
(CONTINUED)**

	<u>Gifted Education</u>			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	61,948	61,948	28,147	(33,801)
Federal sources	-	-	-	-
Interest income	-	-	282	282
Total revenues	<u>61,948</u>	<u>61,948</u>	<u>28,429</u>	<u>(33,519)</u>
EXPENDITURES:				
Current:				
Education:				
Salaries	2,200	2,200	1,905	295
Benefits	600	600	488	112
Purchased services	48,458	48,458	20,618	27,840
Supplies and materials	10,690	10,690	5,418	5,272
Miscellaneous	-	-	-	-
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>61,948</u>	<u>61,948</u>	<u>28,429</u>	<u>33,519</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			-	
OTHER FINANCING SOURCES (USES):				
Transfers in			-	
Transfers out			-	
Total other financing sources (uses)			<u>-</u>	
NET CHANGES IN FUND BALANCE			-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ -</u>	

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #46
 COMBINING SCHEDULE OF ACCOUNTS
 ALTERNATIVE SCHOOLS FUND
 June 30, 2010**

SCHEDULE 7

	<u>Registration Fees Fund</u>	<u>Paid Lunches Fund</u>	<u>State Lunch Fund</u>	<u>National School Lunch Fund</u>	<u>School Breakfast Fund</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	875	139	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>875</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	875	139	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>875</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund balance (deficit), unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 875</u>	<u>\$ 139</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
June 30, 2010**

**SCHEDULE 7
(CONTINUED)**

	Truants Alternative/ Optional Education State Aid Fund	Alternative Resource Center (ARC) - State Aid Fund	Truants Alternative/ Optional Education Program - ARRA State Aid	Alternative Resource Center (ARC) - ARRA State Aid	Total
ASSETS					
Cash and cash equivalents	\$ 250,301	\$ 32,237	\$ -	\$ -	\$ 282,538
Accounts receivable	1,529	-	-	-	2,543
Due from other governments	-	-	-	-	-
Due from other funds	265,682	-	-	-	265,682
TOTAL ASSETS	<u>517,512</u>	<u>32,237</u>	<u>-</u>	<u>-</u>	<u>550,763</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	38,806	16,074	-	-	54,880
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	1,014
Deferred revenue	-	-	-	-	-
Total liabilities	<u>38,806</u>	<u>16,074</u>	<u>-</u>	<u>-</u>	<u>55,894</u>
FUND BALANCE					
Fund balance (deficit), unreserved	<u>478,706</u>	<u>16,163</u>	<u>-</u>	<u>-</u>	<u>494,869</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 517,512</u>	<u>\$ 32,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,763</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALTERNATIVE SCHOOLS FUND ACCOUNTS
Year Ended June 30, 2010**

SCHEDULE 8

	Registration Fees Fund	Paid Lunches Fund	State Lunch Fund	National School Lunch Fund	School Breakfast Fund
REVENUES:					
Local sources	\$ 5,750	\$ 3,859	\$ -	\$ -	\$ 4,224
State sources	-	-	1,232	-	-
Federal sources	-	-	-	17,632	-
Interest income	1	7	2	31	7
Total revenues	5,751	3,866	1,234	17,663	4,231
EXPENDITURES:					
Current:					
Education:					
Salaries	-	-	-	-	-
Benefits	-	-	-	-	-
Purchased services	-	-	-	-	-
Supplies and materials	2,295	-	-	-	-
Miscellaneous	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	2,295	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,456	3,866	1,234	17,663	4,231
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(4,706)	(3,866)	(1,234)	(17,663)	(4,231)
Total other financing sources (uses)	(4,706)	(3,866)	(1,234)	(17,663)	(4,231)
NET CHANGE IN FUND BALANCE	(1,250)	-	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	1,250	-	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2010**

**SCHEDULE 8
(CONTINUED)**

	Truants Alternative/ Optional Education State Aid Fund	Alternative Resource Center (ARC) - State Aid Fund	Truants Alternative/ Optional Education Program - ARRA State Aid	Alternative Resource Center (ARC) - ARRA State Aid	Total
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 13,833
State sources	347,332	124,110	-	-	472,674
Federal sources	-	-	76,899	27,580	122,111
Interest income	6,555	6	11	4	6,624
Total revenues	<u>353,887</u>	<u>124,116</u>	<u>76,910</u>	<u>27,584</u>	<u>615,242</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	297,765	117,573	52,978	19,855	488,171
Benefits	47,197	18,205	17,064	7,255	89,721
Purchased services	44,352	14,286	4,574	784	63,996
Supplies and materials	20,158	3,604	4,844	486	31,387
Miscellaneous	1,829	715	500	-	3,044
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>411,301</u>	<u>154,383</u>	<u>79,960</u>	<u>28,380</u>	<u>676,319</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(57,414)</u>	<u>(30,267)</u>	<u>(3,050)</u>	<u>(796)</u>	<u>(61,077)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	31,703	51,694	3,050	796	87,243
Transfers out	(77,712)	(5,264)	-	-	(114,676)
Total other financing sources (uses)	<u>(46,009)</u>	<u>46,430</u>	<u>3,050</u>	<u>796</u>	<u>(27,433)</u>
NET CHANGE IN FUND BALANCE	(103,423)	16,163	-	-	(88,510)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>582,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,379</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 478,706</u>	<u>\$ 16,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,869</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2010**

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 and cash equivalents	\$ 28,201	\$ 1,579	\$ 1,640	\$ -	\$ -	\$ 31,420
Accounts receivable	-	-	-	-	150	150
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>28,201</u>	<u>1,579</u>	<u>1,640</u>	<u>-</u>	<u>150</u>	<u>31,570</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	12,228	100	245	-	-	12,573
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	150	150
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>12,228</u>	<u>100</u>	<u>245</u>	<u>-</u>	<u>150</u>	<u>12,723</u>
FUND BALANCES (DEFICIT)						
Unreserved	<u>15,973</u>	<u>1,479</u>	<u>1,395</u>	<u>-</u>	<u>-</u>	<u>18,847</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 28,201</u>	<u>\$ 1,579</u>	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 31,570</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, 2010

SCHEDULE 10

	Institute Fund	Bus Driver Fund	General Education Development Fund	Supervisory Fund	Job Bank Fund	Total
REVENUES:						
Local sources	\$ 13,510	\$ 1,018	\$ 6,442	\$ -	\$ 1,350	\$ 22,320
State sources	-	632	-	4,000	-	4,632
Federal Sources	-	-	-	-	-	-
Interest income	387	7	5	-	-	399
Total revenues	<u>13,897</u>	<u>1,657</u>	<u>6,447</u>	<u>4,000</u>	<u>1,350</u>	<u>27,351</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	6,653	-	-	-	-	6,653
Benefits	2,024	-	-	-	-	2,024
Purchased services	411	1,630	2,297	9,904	1,350	15,592
Supplies and materials	6,113	60	2,755	-	-	8,928
Miscellaneous	11,384	-	-	10	-	11,394
Payments to other governments	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>26,585</u>	<u>1,690</u>	<u>5,052</u>	<u>9,914</u>	<u>1,350</u>	<u>44,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,688)	(33)	1,395	(5,914)	-	(17,240)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	5,914	-	5,914
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,914</u>	<u>-</u>	<u>5,914</u>
NET CHANGES IN FUND BALANCES	(12,688)	(33)	1,395	-	-	(11,326)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>28,661</u>	<u>1,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,173</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 15,973</u>	<u>\$ 1,479</u>	<u>\$ 1,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,847</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #46
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2010**

<u>SCHOOL FACILITY OCCUPATION TAX</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
ASSETS				
Due from other governments	\$ -	\$ 669,995	\$ 542,198	\$ 127,797
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 669,995</u>	<u>\$ 542,198</u>	<u>\$ 127,797</u>
LIABILITIES				
Due to other governments	\$ -	\$ 669,995	\$ 542,198	\$ 127,797
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 669,995</u>	<u>\$ 542,198</u>	<u>\$ 127,797</u>
<u>TOTAL OCCUPATION TAX</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
ASSETS				
Due from other governments	\$ -	\$ 669,995	\$ 542,198	\$ 127,797
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 669,995</u>	<u>\$ 542,198</u>	<u>\$ 127,797</u>
LIABILITIES				
Due to other governments	\$ -	\$ 669,995	\$ 542,198	\$ 127,797
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 669,995</u>	<u>\$ 542,198</u>	<u>\$ 127,797</u>