

**State of Illinois
LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
FINANCIAL AUDIT**

**(In Accordance with the Single Audit Act
and OMB Circular A-133)**

For the Year Ended June 30, 2009

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47**

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REGIONAL OFFICE OF EDUCATION NO. 47**

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**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47**

OFFICIALS

Regional Superintendent
(current and during the audit period)

Honorable Amy Jo Clemens

Assistant Regional Superintendent
(current and during the audit period)

Mr. Paul McMahon

Office is located at:

7772 Clinton St.
Dixon, IL 61021

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47**

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
09-1	12-13	Controls Over Financial Statement Preparation	Significant Deficiency
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
09-2	14-15	Inadequate Controls Over Subrecipient Monitoring	Significant Deficiency
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
None			
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
08-1	18	Inadequate Controls Over Cash Management	Significant Deficiency

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47**

COMPLIANCE REPORT SUMMARY

EXIT CONFERENCE

The Lee/Ogle Counties Regional Office of Education No. 47 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2009. Throughout the audit, numerous meetings were held between auditors and ROE officials to discuss the matters contained in this audit report. Responses to the recommendations were provided by Honorable Amy Jo Clemens, Regional Superintendent, on June 15, 2010.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Lee/Ogle Counties Regional Office of Education No. 47 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unqualified opinion on the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements.

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2009, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010 on our consideration of Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 19 through 32 and 65 are not a required part of the basic financial statements but are supplemental 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 supplemental 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 Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements. The accompanying supplemental information, such as the combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Lee/Ogle Counties Regional Office of Education No. 47. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wink, Paul & Foster, CPA PC

Clinton, Iowa
June 25, 2010

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2009, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements and have issued our report thereon dated June 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lee/Ogle Counties Regional Office of Education No. 47'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 Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 finding 09-1 in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lee/Ogle Counties Regional Office of Education No. 47's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Lee/Ogle Counties Regional Office of Education No. 47 in a separate letter dated June 25, 2010.

Regional Office of Education No. 47's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education No. 47's response and, accordingly, we express no opinion on it.

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

Wink, Paul & Foster, CPA PC

Clinton, Iowa
June 25, 2010

**REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Lee/Ogle Counties Regional Office of Education No. 47 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Lee/Ogle Counties Regional Office of Education No. 47's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express an opinion on the Lee/Ogle Counties Regional Office of Education No. 47's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lee/Ogle Counties Regional Office of Education No. 47's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Lee/Ogle Counties Regional Office of Education No. 47's compliance with those requirements.

In our opinion, the Lee/Ogle Counties Regional Office of Education No. 47 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 09-2.

Internal Control Over Compliance

The management of the Lee/Ogle Counties Regional Office of Education No. 47 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Lee/Ogle Counties Regional Office of Education No. 47's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over compliance.

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-2 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Lee/Ogle Counties Regional Office of Education No. 47's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lee/Ogle Regional Office of Education No. 47's responses and, accordingly, we express no opinion on them.

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

Wink, Paul & Foster, CPA PC

Clinton, Iowa
June 25, 2010

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: _____ Unqualified _____

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? x yes _____ none reported

Type of auditor's report issued on compliance for major programs: _____ Unqualified _____

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.196A</u>	<u>McKinney Education for Homeless Children</u>
_____	_____
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? x yes _____ no

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

FINDING NO. 09-1 - Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education No. 47 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education No. 47 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. Auditors, in their review of the Regional Office's accounting records, noted adjustments were required to present the financial statements in accordance with generally accepted accounting principles.

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:

Management prepared a listing of adjustments needed to present the financial statements in accordance with generally accepted accounting principles. Management's review process of this listing, however, did not effectively detect all of the material adjustments needed.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section II: Financial Statement Findings:

FINDING NO. 09-1 - Controls Over Financial Statement Preparation (Continued)

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 47 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:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education No. 47 has implemented a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures are complete and accurate on a monthly basis. The Regional Superintendent will continue to review all financial statements (including accruals) striving to be as accurate as possible, hoping to eliminate this finding in the future.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section III: Findings and Questioned Costs for Federal Awards:

FINDING NO. 09-2 - Inadequate Controls Over Subrecipient Monitoring

Federal Program: McKinney Education for Homeless Children

Project Numbers: 09-4920-00

CFDA Number: 84.196A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

The OMB Circular A-133 Compliance Supplement Part III states that the Regional Office of Education No. 47 is responsible for (1) ensuring that sub-recipients expending \$500,000 or more in Federal awards during the sub-recipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the sub-recipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the sub-recipient's audit report; and (3) ensuring that the sub-recipient takes timely and appropriate corrective action on all audit findings. It also requires that the Regional Office of Education No. 47 must evaluate the impact of sub-recipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Condition:

The Regional Office of Education No. 47 did not obtain and review audit reports required in the monitoring of McKinney Education for Homeless Children Program fund sub-recipients to ensure the required audits were completed and noncompliance, if any, was noted. In addition, the Regional Office did not ensure that sub-recipients took timely and appropriate corrective action on all findings noted.

Questioned Costs:

N/A

Context:

N/A

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section III: Findings and Questioned Costs for Federal Awards:

FINDING NO. 09-2 - Inadequate Controls Over Sub-recipient Monitoring (Continued)

Effect:

The Regional Office of Education No. 47 did not ensure that all required audits were completed by sub-recipients. This could result in the Regional Office of Education No. 47 not being properly informed of noncompliance in order to follow up with the timely and appropriate corrective actions, as well as, evaluating the impact on the Regional Office of Education No. 47's records.

Cause:

The ROE was unaware of the requirements associated with obtaining and reviewing the sub-recipient's required audit reports.

Recommendation:

The Regional Office of Education No. 47 should ensure that sub-recipient's required audit reports are obtained and reviewed. The Regional Office of Education No. 47 should ensure the sub-recipients take timely and appropriate corrective actions for any noncompliance reported. The Regional Office of Education No. 47 should also ensure that any noncompliance is appropriately reflected in the Regional Office of Education No. 47's records.

Management's Response:

The Regional Office of Education No. 47 provides extensive monitoring of sub-recipients. This includes requiring the submission of quarterly expenditure reports along with at least one on-site visit per year for verification of program goals and objectives. Over the next year, sub-recipient audits will be collected to verify that there were no instances of noncompliance with McKinney-Vento Homeless Education Program funds.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2009**

FINDING NO. 09-1 - Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education No. 47 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. Auditors, in their review of the Regional Office's accounting records, noted adjustments were required to present the financial statements in accordance with generally accepted accounting principles.

Plan:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education No. 47 will continue to provide a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures are complete and accurate. Unfortunately, hiring an individual trained in Generally Accepted Accounting Principles will probably still be cost-prohibitive to our small government entity.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Amy Jo Clemens, Regional Superintendent

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2009**

FINDING NO. 09-2 - Inadequate Controls Over Subrecipient Monitoring

Condition:

The Regional Office of Education No. 47 did not obtain and review audit reports required in the monitoring of McKinney Education for Homeless Children Program fund sub-recipients to ensure the required audits were completed and noncompliance, if any, was noted. In addition, the Regional Office did not ensure that sub-recipients took timely and appropriate corrective action on all findings noted.

Plan:

Subsequent to notification from our auditors, the Regional Office of Education No. 47 sent formal letters of request to all sub-recipients regarding the CFDA number, audit findings and possible interest earned. The Regional Office of Education No. 47 will continue to request audits from sub-recipients as a part of the monitoring process going forward.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Amy Jo Clemens, Regional Superintendent

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2009**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
08-1	Inadequate Controls Over Cash Management	Resolved

Management's Discussion and Analysis

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Lee/Ogle Counties Regional Office of Education No. 47 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with Lee/Ogle Counties Regional Office of Education No. 47's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$606,395 in fiscal year 2008 to \$631,459 in fiscal year 2009, while General Fund expenditures increased from \$566,278 in fiscal year 2008 to \$572,815 in fiscal year 2009. The reason for the change is primarily due to an increase in the operating expenditures (rent, bookkeeping services, grounds-keeping and shared services) with a corresponding increase in reimbursement from the counties along with an increase in fees and charges to cover the expenses.
- Education Fund revenues increased from \$1,718,839 in fiscal year 2008 to \$1,779,084 in fiscal year 2009. Expenses also increased from \$1,760,238 in fiscal year 2008 to \$1,799,298 in fiscal year 2009. The increase in revenues and expenses in the Education Fund is due to an increase in the funds available for services in our Regional Support System (RESPRO) for schools not making Adequate Yearly Progress under the requirements of the No Child Left Behind Act.
- Institute Fund revenues increased from \$20,273 in fiscal year 2008 to \$24,997 in fiscal year 2009. The increase was primarily due to an increase in the number of educators renewing their certificate along with an increase in the number of substitute teachers registering their certificates. Expenses in the Institute Fund increased from \$15,262 in fiscal year 2008 to \$54,977 in fiscal year 2009. This increase was primarily due to the delivery of our Lee/Ogle Regional Institute in October. This was the culmination of several years of preparation and planning and is only repeated every 4-5 years.
- Enterprise Fund revenues decreased from \$134,556 in fiscal year 2008 to \$119,762 in fiscal year 2009. This decrease was primarily due to a reduction in the number of participants in our workshops and trainings. Enterprise Fund expenses increased from \$117,691 in fiscal year 2008 to \$119,891 in fiscal year 2009. This increase was primarily due to costs of providing workshops and trainings.
- Government-wide revenues increased by approximately 3% from \$2,515,105 in fiscal year 2008 to \$2,583,441 in fiscal year 2009. Government-wide expenses increased by approximately 4% from \$2,497,435 in fiscal year 2008 to \$2,599,473 in fiscal year 2009.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Lee/Ogle Counties Regional Office of Education No. 47's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Lee/Ogle Counties Regional Office of Education No. 47 as a whole and present an overall view of Lee/Ogle Counties Regional Office of Education No. 47's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Lee/Ogle Counties Regional Office of Education No. 47's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Lee/Ogle Counties Regional Office of Education No. 47 acts solely as an agent or custodian for the benefit of those outside of Lee/Ogle Counties Regional Office of Education No. 47.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental Information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress.

Other Supplemental Information provides detailed information about the major and nonmajor funds.

Figure A-1 summarizes the major features of Lee/Ogle Counties Regional Office of Education No. 47's financial statements, including the portion of Lee/Ogle Counties Regional Office of Education No. 47's activities they cover and the types of information they contain.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Figure A-1

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Regional Office of Education No. 47 (except fiduciary funds)	The activities of Regional Office of Education No. 47 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Regional Office of Education No. 47 operates similar to private businesses: workshops	Instances in which Regional Office of Education No. 47 administers resources on behalf of someone else, such as the distributive fund and Private Purpose Trust Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**LEE/OGLE COUNTIES
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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**REPORTING LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION NO. 47'S
FINANCIAL ACTIVITIES**

Government-wide Financial Statements

The government-wide financial statements report information about Lee/Ogle Counties Regional Office of Education No. 47 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Lee/Ogle Counties Regional Office of Education No. 47's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Lee/Ogle Counties Regional Office of Education No. 47's net assets and how they have changed. Net assets - the difference between Lee/Ogle Counties Regional Office of Education No. 47's assets and liabilities - are one way to measure Lee/Ogle Counties Regional Office of Education No. 47's financial health or financial position. Over time, increases or decreases in Lee/Ogle Counties Regional Office of Education No. 47's net assets are an indicator of whether financial position is improving or deteriorating. To assess Lee/Ogle Counties Regional Office of Education No. 47's overall health, additional non-financial factors, such as changes in Lee/Ogle Counties Regional Office of Education No. 47's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, Lee/Ogle Counties Regional Office of Education No. 47's activities are divided into two categories:

- *Governmental activities:* Most of Lee/Ogle Counties Regional Office of Education No. 47's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* Lee/Ogle Counties Regional Office of Education No. 47 charges fees to help cover the costs of certain services it provides. Lee/Ogle Counties Regional Office of Education No. 47's business-type activities can be found on pages 40-42.

Fund Financial Statements

The fund financial statements provide more detailed information about Lee/Ogle Counties Regional Office of Education No. 47's funds, focusing on its most significant or "major" funds - not Lee/Ogle Counties Regional Office of Education No. 47 as a whole. Funds are accounting devices Lee/Ogle Counties Regional Office of Education No. 47 uses to keep track of specific sources of funding and spending on particular programs.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
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June 30, 2009**

Some funds are required by state law. Lee/Ogle Counties Regional Office of Education No. 47 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

Lee/Ogle Counties Regional Office of Education No. 47 has three kinds of funds:

1) *Governmental funds*: Most of Lee/Ogle Counties Regional Office of Education No. 47's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Lee/Ogle Counties Regional Office of Education No. 47's programs.

Lee/Ogle Counties Regional Office of Education No. 47's governmental funds include the General Fund and Special Revenue Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

2) *Proprietary funds*: Services for which Lee/Ogle Counties Regional Office of Education No. 47 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Lee/Ogle Counties Regional Office of Education No. 47's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Lee/Ogle Counties Regional Office of Education No. 47 currently has two Enterprise Funds, the School Improvement Plan (SIP) and the Workshop Fund.

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

3) *Fiduciary funds*: Lee/Ogle Counties Regional Office of Education No. 47 is the trustee for assets that belong to others. These funds include a Private-Purpose Trust Fund and Agency Funds.

- Private-Purpose Trust Fund - This is a fund that contains funds that remain on account from the interest accumulated when the Regional Office collected and distributed state funds to the districts. This practice was phased-out over several years as individual districts were able to accept electronic funds from the state into their local banks. The practice was totally eliminated before 2006, yet the interest has continued to be held by the Regional Office in this fund.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

- Agency Funds - These are funds through which Lee/Ogle Counties Regional Office of Education No. 47 administers and accounts for certain federal and/or state grants on behalf of others.

Lee/Ogle Counties Regional Office of Education No. 47 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. Lee/Ogle Counties Regional Office of Education No. 47 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Lee/Ogle Counties Regional Office of Education No. 47, assets exceeded liabilities by \$481,138 as of June 30, 2009.

A portion of Lee/Ogle Counties Regional Office of Education No. 47's net assets (9%) reflects its investment in capital assets (e.g., furniture and equipment).

Lee/Ogle Counties Regional Office of Education No. 47's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of Lee/Ogle Counties Regional Office of Education No. 47's net assets for the fiscal year ended June 30, 2009 and 2008.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

<u>2009</u>	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 590,667	\$ 74,059	\$ 664,726
Capital assets, net of accumulated depreciation	<u>41,659</u>	<u>-</u>	<u>41,659</u>
Total assets	<u>632,326</u>	<u>74,059</u>	<u>706,385</u>
Current liabilities	<u>225,247</u>	<u>-</u>	<u>225,247</u>
Net assets			
Invested in capital assets	41,659	-	41,659
Unrestricted	334,384	74,059	408,443
Restricted for teacher professional development	<u>31,036</u>	<u>-</u>	<u>31,036</u>
Total net assets	<u>\$ 407,079</u>	<u>\$ 74,059</u>	<u>\$ 481,138</u>
<u>2008</u>	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 416,576	\$ 74,772	\$ 491,348
Capital assets, net of accumulated depreciation	<u>66,640</u>	<u>-</u>	<u>66,640</u>
Total assets	<u>483,216</u>	<u>74,772</u>	<u>557,988</u>
Current liabilities	<u>60,234</u>	<u>584</u>	<u>60,818</u>
Net assets			
Invested in capital assets	66,640	-	66,640
Unrestricted	295,326	74,188	369,514
Restricted for teacher professional development	<u>61,016</u>	<u>-</u>	<u>61,016</u>
Total net assets	<u>\$ 422,982</u>	<u>\$ 74,188</u>	<u>\$ 497,170</u>

The largest portion of Lee/Ogle Counties Regional Office of Education No. 47's net assets is unrestricted. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net assets were \$408,443 at year end. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Changes in net assets. Lee/Ogle Counties Regional Office of Education No. 47's total revenue for the fiscal year ended June 30, 2009 was \$2,583,441. The total cost of all programs and services was \$2,599,473. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2009 and 2008.

<u>2009</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 119,762	\$ 119,762
Operating grants and contributions	1,818,797	-	1,818,797
General revenues			
Local sources	264,738	-	264,738
State sources	8,930	-	8,930
On-behalf payment	<u>371,214</u>	<u>-</u>	<u>371,214</u>
Total revenues	<u>2,463,679</u>	<u>119,762</u>	<u>2,583,441</u>
Expenses:			
Education			
Salaries	765,139	14,422	779,561
Benefits	94,248	2,690	96,938
Purchased services	588,180	98,755	686,935
Supplies and materials	49,295	4,024	53,319
Depreciation	28,279	-	28,279
Payments to other governments	583,227	-	583,227
Capital outlay	-	-	-
Administrative			
On-behalf payments	<u>371,214</u>	<u>-</u>	<u>371,214</u>
Total expenses	<u>2,479,582</u>	<u>119,891</u>	<u>2,599,473</u>
Change in net assets	(15,903)	(129)	(16,032)
Net assets, beginning	<u>422,982</u>	<u>74,188</u>	<u>497,170</u>
Net assets, ending	<u>\$ 407,079</u>	<u>\$ 74,059</u>	<u>\$ 481,138</u>

Operating grants and contributions account for 70% of the total revenue. Lee/Ogle Counties Regional Office of Education No. 47's expenses primarily relate to education, which account for 86% of the total expenses.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

<u>2008</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 134,556	\$ 134,556
Operating grants and contributions	1,771,235	-	1,771,235
General revenues			
Local sources	227,303	-	227,303
On-behalf payments	4,822	-	4,822
Interest income	<u>377,189</u>	<u>-</u>	<u>377,189</u>
Total revenues	<u>2,380,549</u>	<u>134,556</u>	<u>2,515,105</u>
Expenses:			
Education			
Salaries	684,380	2,957	687,337
Benefits	89,883	421	90,304
Purchased services	561,702	109,791	671,493
Supplies and materials	90,114	4,522	94,636
Depreciation	27,374	-	27,374
Payments to other governments	548,400	-	548,400
Other objects		-	
Capital outlay	702	-	702
Administrative			
On-behalf payments	<u>377,189</u>	<u>-</u>	<u>377,189</u>
Total expenses	<u>2,379,744</u>	<u>117,691</u>	<u>2,497,435</u>
Change in net assets	805	16,865	17,670
Net assets, beginning	<u>422,177</u>	<u>57,323</u>	<u>479,500</u>
Net assets, ending	<u>\$ 422,982</u>	<u>\$ 74,188</u>	<u>\$ 497,170</u>

Operating grants and contributions account for 70% of the total revenue. Lee/Ogle Counties Regional Office of Education No. 47's expenses primarily relate to education, which account for 85% of the total expenses.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Governmental Activities

Revenues for governmental activities were \$2,463,679 and \$2,380,549 and expenses were \$2,479,582 and \$2,379,744 for 2009 and 2008, respectively.

The following tables present the cost of Lee/Ogle Counties Regional Office of Education No. 47's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Lee/Ogle Counties Regional Office of Education No. 47's residents by each of these functions.

2009

	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries	\$ 765,139	\$ (97,173)
Benefits	94,248	(11,969)
Purchased services	588,180	(74,699)
Supplies and materials	49,295	(6,260)
Depreciation	28,279	(28,279)
Payments to other governments	583,227	(74,070)
Capital outlay	-	2,879
Administrative		
On-behalf payments	<u>371,214</u>	<u>(371,214)</u>
Total expenses	<u>\$ 2,479,582</u>	<u>\$ (660,785)</u>

2008

	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries	\$ 684,380	\$ (78,019)
Benefits	89,883	(10,247)
Purchased services	561,702	(64,034)
Supplies and materials	90,114	(10,273)
Depreciation	27,374	(27,374)
Payments to other governments	548,400	(62,518)
Other objects		
Capital outlay	702	21,145
Administrative		
On-behalf payments	<u>377,189</u>	<u>(377,189)</u>
Total expenses	<u>\$ 2,379,744</u>	<u>\$ (608,509)</u>

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

- The cost of all governmental activities was \$2,479,582 and \$2,379,744 for 2009 and 2008, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$1,818,797 and \$1,771,235 for 2009 and 2008, respectively.

Net cost of governmental activities (\$660,785), was financed by general revenues, which are made up of primarily local sources (\$264,738), state sources (\$8,930), and on-behalf payments (\$371,214) for 2009.

Net cost of governmental activities (\$608,509), was financed by general revenues, which are made up of primarily local sources (\$227,303), state sources (\$4,822), and on-behalf payments (\$377,189) for 2008.

Business-Type Activities

Revenues for business-type activities were \$119,762 and \$134,556 and expenses were \$119,891 and \$117,691 for 2009 and 2008, respectively. Lee/Ogle Counties Regional Office of Education No. 47's business-type activities include the School Improvement Plan (SIP) and the Workshops Fund. Revenues of these activities were comprised of charges for service and local reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, Lee/Ogle Counties Regional Office of Education No. 47 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Lee/Ogle Counties Regional Office of Education No. 47 as a whole is reflected in its governmental funds, as well. As Lee/Ogle Counties Regional Office of Education No. 47 completed the year, its governmental funds reported a combined fund balance of \$365,420, above last year's ending fund balances of \$356,342.

Governmental Fund Highlights

The General Fund fund balance increased from \$258,928 in 2008 to \$317,572 in 2009. The increase in fund balance was small in comparison to expenditures of \$572,815. The General Fund fund balance increase was mostly attributable to holding expenditures lower compared to revenues to prepare for the worsening financial condition of the state.

The Education Fund fund balance decreased from \$30,872 in 2008 to \$10,658 in 2009. The Education Fund is primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase. Over the various programs that make up the fund, total expenditures exceeded revenues by \$20,214 thus lowering the fiscal year 2008 balance from \$30,872 to \$10,658 in fiscal year 2009. In consideration that the total Education Fund revenue is \$1,779,084, \$20,214 is a very small change.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Proprietary Fund Highlights

Enterprise Fund net assets slightly decreased from \$74,188 at June 30, 2008 to \$74,059 at June 30, 2009. The School Improvement Plan's (SIP) assets are primarily made up of funds the Regional Office receives for providing professional development activities to the districts which are based on their school improvement plans. The Workshop Fund's assets are primarily made up of funds the Regional Office receives for providing professional development to individual teachers. These teachers use these activities to satisfy their certificate renewal requirements.

The Enterprise Fund revenues have decreased from \$134,556 in fiscal year 2008 to \$119,762 in fiscal year 2009. Revenue in the Enterprise Fund is largely dependent on participation in the ROE workshops, which varies from year to year. The teacher certification renewals happen in five year cycles. Both 2008 and 2009 are cycles in which few teachers renew their certificates; likewise, fewer teachers attend workshops that are designed to help teachers meeting these requirements.

BUDGETARY HIGHLIGHTS

Lee/Ogle Counties Regional Office of Education No. 47 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, Lee/Ogle Counties Regional Office of Education No. 47 amended several of the grant budgets within the Education Fund. Budgets for grant programs are adjusted because of an increase or decrease in funding due to changes at the State level or to better allocate funds received to meet the needs of the program.

CAPITAL ASSETS

As of June 30, 2009, Lee/Ogle Counties Regional Office of Education No. 47 had invested \$41,659 in capital assets, including furniture and equipment. This is a decrease from \$66,640 invested in capital assets, including furniture and equipment on June 30, 2008. Total depreciation expense for the year was \$28,279.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2009.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 41,659	\$ -	\$ 41,659

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2008.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 66,640	\$ -	\$ 66,640

Additional information on Lee/Ogle Counties Regional Office of Education No. 47's capital assets can be found in Note 4 on page 55 of this report.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

ECONOMIC FACTORS BEARING ON LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION NO. 47'S FUTURE

At the time these financial statements were prepared and audited, Lee/Ogle Counties Regional Office of Education No. 47 was aware of several existing circumstances that could significantly affect its financial health in the future:

The delay in state funding is going to dramatically impact the ability of the office to provide services as required by both the Illinois statutes and our grant contracts. At the end of 2009, the state of Illinois was more than 60 days in arrears in releasing vouchered payments to the Regional Office of Education No. 47. It is our anticipation that in FY 2010 this will be even more delinquent, thus crippling our ability to continue to provide services to our communities.

CONTACTING LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION NO. 47'S FINANCIAL MANAGEMENT

This financial report is designed to provide Lee/Ogle Counties Regional Office of Education No. 47's citizens, taxpayers, customers, and creditors with a general overview of Lee/Ogle Counties Regional Office of Education No. 47's finances and to demonstrate Lee/Ogle Counties Regional Office of Education No. 47's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lee/Ogle Counties Regional Office of Education No. 47, 7772 Clinton Street, Dixon, Illinois 61021.

BASIC FINANCIAL STATEMENTS

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 93,934	\$ 65,339	\$ 159,273
Prepaid expenses	7,528	7,429	14,957
Due from other governments	489,205	1,291	490,496
Total current assets	590,667	74,059	664,726
Non-current assets:			
Capital assets, being depreciated, net	41,659	-	41,659
Total assets	632,326	74,059	706,385
LIABILITIES			
Current liabilities:			
Accounts payable	143,082	-	143,082
Deferred revenue	82,165	-	82,165
Total current liabilities	225,247	-	225,247
NET ASSETS			
Invested capital assets	41,659	-	41,659
Unrestricted	334,384	74,059	408,443
Restricted for teacher professional development	31,036	-	31,036
Total net assets	\$ 407,079	\$ 74,059	\$ 481,138

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF ACTIVITIES
 Year Ended June 30, 2009

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	<u>Expenses</u>	Operating		Primary Government		<u>Total</u>
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary government:						
Governmental activities:						
Education:						
Salaries	\$ 765,139	\$ -	\$ 667,966	\$ (97,173)	\$ -	\$ (97,173)
Benefits	94,248	-	82,279	(11,969)	-	(11,969)
Purchased services	588,180	-	513,481	(74,699)	-	(74,699)
Supplies and materials	49,295	-	43,035	(6,260)	-	(6,260)
Depreciation	28,279	-	-	(28,279)	-	(28,279)
Payments to other governments	583,227	-	509,157	(74,070)	-	(74,070)
Capital outlay	-	-	2,879	2,879	-	2,879
Administrative:						
On-behalf payments	371,214	-	-	(371,214)	-	(371,214)
Total governmental activities	2,479,582	-	1,818,797	(660,785)	-	(660,785)
Business-type activities:						
Other	119,891	119,762	-	-	(129)	(129)
Total primary government	\$ 2,599,473	\$ 119,762	\$ 1,818,797	(660,785)	(129)	(660,914)
General revenues:						
Local sources				264,738	-	264,738
State sources				8,930	-	8,930
On-behalf payments				371,214	-	371,214
Total general revenue				644,882	-	644,882
CHANGES IN NET ASSETS				(15,903)	(129)	(16,032)
NET ASSETS, BEGINNING OF YEAR				422,982	74,188	497,170
NET ASSETS, END OF YEAR				\$ 407,079	\$ 74,059	\$ 481,138

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2009

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 262,835	\$ (190,403)	\$ 20,201	\$ 1,301	\$ 93,934
Prepaid expenses	2,693	-	4,835	-	7,528
Due from other governments	<u>52,094</u>	<u>425,240</u>	<u>6,000</u>	<u>5,871</u>	<u>489,205</u>
TOTAL ASSETS	<u>\$ 317,622</u>	<u>\$ 234,837</u>	<u>\$ 31,036</u>	<u>\$ 7,172</u>	<u>\$ 590,667</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 50	\$ 142,014	\$ -	\$ 1,018	\$ 143,082
Deferred revenue	-	82,165	-	-	82,165
Total liabilities	<u>50</u>	<u>224,179</u>	<u>-</u>	<u>1,018</u>	<u>225,247</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	317,572	-	-	-	317,572
Special revenue funds	-	10,658	31,036	6,154	47,848
Total fund balances	<u>317,572</u>	<u>10,658</u>	<u>31,036</u>	<u>6,154</u>	<u>365,420</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 317,622</u>	<u>\$ 234,837</u>	<u>\$ 31,036</u>	<u>\$ 7,172</u>	<u>\$ 590,667</u>

The accompanying notes are an integral part of the financial statements.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2009**

Total fund balances of governmental funds (page 36)	\$ 365,420
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>41,659</u>
Net assets of governmental activities (page 34)	<u>\$ 407,079</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2009

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
REVENUES:					
Local sources	\$ 180,476	\$ 34,029	\$ 24,997	\$ 25,236	\$ 264,738
State sources	79,769	1,022,385	-	2,903	1,105,057
Federal sources	-	722,670	-	-	722,670
On-behalf payments	371,214	-	-	-	371,214
Total revenues	<u>631,459</u>	<u>1,779,084</u>	<u>24,997</u>	<u>28,139</u>	<u>2,463,679</u>
EXPENDITURES:					
Education:					
Salaries	88,221	666,919	-	9,999	765,139
Benefits	10,839	82,644	-	765	94,248
Purchased services	90,049	432,703	51,758	13,670	588,180
Supplies and materials	10,018	32,981	3,219	3,077	49,295
Payments to other governments	-	583,227	-	-	583,227
On-behalf payments	371,214	-	-	-	371,214
Capital outlay	2,474	824	-	-	3,298
Total expenditures	<u>572,815</u>	<u>1,799,298</u>	<u>54,977</u>	<u>27,511</u>	<u>2,454,601</u>
NET CHANGE IN FUND BALANCES	58,644	(20,214)	(29,980)	628	9,078
FUND BALANCE, BEGINNING OF YEAR	<u>258,928</u>	<u>30,872</u>	<u>61,016</u>	<u>5,526</u>	<u>356,342</u>
FUND BALANCE, END OF YEAR	<u>\$ 317,572</u>	<u>\$ 10,658</u>	<u>\$ 31,036</u>	<u>\$ 6,154</u>	<u>\$ 365,420</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

Net change in fund balances (page 38) **\$ 9,078**

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	\$	3,298	
Depreciation expense		<u>(28,279)</u>	<u>(24,981)</u>

Change in net assets of governmental activities (page 35) **\$ (15,903)**

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2009

	Business-Type Activities - Enterprise Funds		
	School Improvement <u>Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
	ASSETS		
Current assets:			
Cash and cash equivalents	\$ 10,011	\$ 55,328	\$ 65,339
Prepaid expenses	7,299	130	7,429
Due from other governments	<u>-</u>	<u>1,291</u>	<u>1,291</u>
Total current assets	17,310	56,749	74,059
LIABILITIES			
None	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Unrestricted	<u>\$ 17,310</u>	<u>\$ 56,749</u>	<u>\$ 74,059</u>

The accompanying notes are an integral part of the financial statements.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2009**

	Business-Type Activities - Enterprise Funds		
	School Improvement Plan (SIP)	Workshops	Total
	<u>Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 61,798	\$ 57,964	\$ 119,762
Operating expenses:			
Education:			
Salaries	14,422	-	14,422
Benefits	2,690	-	2,690
Purchased services	40,412	58,343	98,755
Supplies and materials	722	3,302	4,024
Total operating expenses	58,246	61,645	119,891
Operating income (loss)	3,552	(3,681)	(129)
Net assets, beginning of year	13,758	60,430	74,188
Net assets, end of year	\$ 17,310	\$ 56,749	\$ 74,059

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	School Improvement <u>Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from workshops and services	\$ 61,798	\$ 56,673	\$ 118,471
Payments to suppliers and providers of goods and services	(41,233)	(62,359)	(103,592)
Payments to employees	(17,112)	-	(17,112)
Net cash provided by (used in) operating activities	3,453	(5,686)	(2,233)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,453	(5,686)	(2,233)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,558	61,014	67,572
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,011	\$ 55,328	\$ 65,339
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 3,552	\$ (3,681)	\$ (129)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Increase in prepaid expenses	(99)	(130)	(229)
Increase in due from other governments	-	(1,291)	(1,291)
Decrease in accounts payable	-	(584)	(584)
	(99)	(2,005)	(2,104)
Net cash provided by (used in) operating activities	\$ 3,453	\$ (5,686)	\$ (2,233)

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2009

	Private- Purpose Trust <u>Fund</u>	Agency <u>Funds</u>
ASSETS		
Current assets:		
Cash	\$ 27,559	\$ 102,882
Due from other governmental agencies	<u>-</u>	<u>2,286</u>
TOTAL ASSETS	<u>\$ 27,559</u>	<u>\$ 105,168</u>
LIABILITIES		
Current liabilities:		
Due to other governmental agencies	<u>-</u>	<u>105,168</u>
NET ASSETS		
Unrestricted		
Held in trust for other purposes	<u>\$ 27,559</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2009

	Private- Purpose Trust <u>Fund</u>
ADDITIONS	
Local sources:	
Interest	\$ 151
DEDUCTIONS	
None	<u>-</u>
Change in net assets	151
Net assets, beginning of year	<u>27,408</u>
Net assets, end of year	<u><u>\$ 27,559</u></u>

The accompanying notes are an integral part of the financial statements.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lee/Ogle Counties Regional Office of Education No. 47 was formed under the provisions of the State of Illinois, Illinois State Board of Education. The Lee/Ogle Counties Regional Office of Education No. 47 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education No. 47 encompasses Lee/Ogle Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer 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.

Reporting Entity

The Regional Superintendent is charged with, but is not limited to, the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; and examine evidence of indebtedness.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; proving notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before September 30; maintenance of a map and numbering of the Lee/Ogle Counties Regional Office of Education No. 47's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Lee/Ogle Counties Regional Office of Education No. 47's reporting entity includes all related organizations for which it exercises oversight responsibility in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Lee/Ogle Counties Regional Office of Education No. 47 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Lee/Ogle Counties Regional Office of Education No. 47's geographic responsibility, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether the Lee/Ogle Counties Regional Office of Education No. 47 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. The Regional Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements. In addition, the Regional Superintendent is not aware of any entity which would exercise such oversight which would result in the Regional Office of Education No. 47 being considered a component unity of the entity.

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 Lee/Ogle Counties Regional Office of Education No. 47. 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 Lee/Ogle Counties Regional Office of Education No. 47'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 consists 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 which can be removed or modified.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within the governmental funds in the financial section of the basic financial statements and are detailed in the supplemental information.

Lee/Ogle Counties Regional Office of Education No. 47 reports the following major governmental funds:

The General Fund is the operating fund of the Lee/Ogle Counties Regional Office of Education No. 47. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The following funds are the general funds of the Lee/Ogle Counties Regional Office of Education No. 47:

ROE Operations - used to account for grant monies received for, and payment of, assisting schools in all areas of school improvement.

Local Fund - to account for monies received for, and payment of, expenditures for various educational workshops and interest income related to various grants.

Major Special Revenue Funds - This fund type includes specific revenue sources that are restricted by law or regulation as to their use. Lee/Ogle Counties Regional Office of Education No. 47 reports the following major special revenue funds:

Institute Fund - The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teachers' institutes, conferences and workshops or meetings of a professional nature that are designed to promote growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Education Fund - to account for State and Federal grant monies received for, and payment of, administering numerous grant awards which include:

Illinois Family Violence Coordinating Council - to account for grant monies received for, and payment of, expenditures relating to violence prevention.

Mathematics and Science Partnership - to account for grant monies received for, and payment of, expenditures for improving teacher knowledge and skills in mathematics and science such that they prepare content-rich, contextual learning experiences which will increase the achievement of their middle school students in math and/or science.

Rural Education Achievement Program - to account for the grant monies received for, and payment of, expenditures related to this program.

McKinney Education for Homeless Children - to account for the grant monies received for, and payment of, expenditures relating to McKinney Education for Homeless Children program.

Learning Improvement Through Non-Traditional Curriculum (LINC) - to account for grant monies received for, and payment of, expenditures to provide credit-recovery and support services to qualifying students and drop-outs through the Workforce Investment Act program.

Truants Alternative Education - to account for grant monies received for, and payment of, expenditures related to Truants Alternative Education Program.

English Language Learners - to account for the grant monies received for, and payment of, the expenditures relating to the English Program.

Teacher Mentoring Pilot Program - to account for the grant monies received for, and payment of, the expenditures relating to the Teacher Mentoring Pilot Program.

Preschool for All Monitoring - to account for the grant monies received for, and payment of, the expenditures relating to the Program Accountability Liaison Project.

Social Emotional Learning - to account for the grant monies received for, and payment of, the expenditures relating to the Social Emotional Learning Program.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Regional System of Support Providers - to account for the grant monies received for, and payment of, the expenditures to support schools and districts who have been identified as in federal "School Improvement Status" due to not making adequate yearly progress.

Preschool For All Program - to account for grant monies received for, and payment of, expenditures relating to Early Childhood Block Grant Prevention Initiative program.

Early Childhood Block Grant - to account for grant monies received for, and payment of, expenditures relating to Early Childhood Block Grant Prevention Initiative program.

Alternative Learning Opportunity Program - General State Aid (ALOP - GSA) - to account for state aid funds received for, and payment of, expenditures relating to the operation of an Alternative Learning Opportunity Program.

Regional Safe Schools Program - to account for grant monies received for, and payment of, expenditures relating to Regional Safe Schools Program.

Regional Safe Schools Program - General State Aid (RSSP-GSA) - to account for the state aid funds received for, and payment of, the expenditures relating to the Regional Safe Schools Program - General State Aid.

Title I - Migrant Education - used to account for grant monies received for, and payment of, the expenditures incurred to support high quality education programs for migratory children.

Illinois New Principal Mentoring - this fund accounts for the Illinois Principal Mentoring.

National School Lunch - this program supports the National School Lunch program.

State Free Lunch and Breakfast - this program supports the State Free Lunch and Breakfast programs.

School Breakfast Program - this program supports the School Breakfast programs.

Gifted Education - this program supports professional development for classroom teachers in meeting the needs of gifted and talented children.

Standards Aligned Classroom - this program supports the work of educators in writing quality classroom assessments aligned to the Illinois Learning Standards.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lee/Ogle Counties Regional Office of Education No. 47 reports the following nonmajor governmental funds:

Bus Driver - used to account for resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

General Educational Development (GED) - used to account for resources accumulated for, and payment of, expenses of administering the GED test.

Supervisory Expense - used to account for resources accumulated for, and payment of, expenses of providing supervisory service in the Regional Office of Education No. 47.

Lee/Ogle Counties Regional Office of Education No. 47 reports the following major proprietary fund:

School Improvement Plan (SIP) - to account for monies received from school districts held for expenses relating to their school improvement plans.

Workshops - used to account for workshops associated with various grant programs.

Lee/Ogle Counties Regional Office of Education No. 47 also reports fiduciary funds which focus on net assets and changes in net assets. They include the following:

Private-Purpose Trust Fund - used to account for interest earned on Distributive Funds. Under written agreement with individual school districts, interest earned on Distributive Funds is used for the benefit of Lee/Ogle Counties Regional Office of Education No. 47.

Agency Funds - used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Lee/Ogle Counties Regional Office of Education No. 47 reports the following agency funds:

Distributive - to account for cash received and disbursed as a result of the Regional Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general state aid, state categorical grants, and various other sources.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact Fees - to account for monies received from owners/builders for the issuance of a zoning certificate. The Regional Superintendent, as agent, remits the fees collected to the appropriate school district.

Petitions - to account for cash received from entities and citizens petitioning the Regional Board of Trustees to change boundaries. The Regional Superintendent, as agent, remits the fees collected to the appropriate agencies.

Measurement Focus and Basis of Accounting

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

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

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Lee/Ogle Counties Regional Office of Education No. 47.

Lee/Ogle Counties Regional Office of Education No. 47 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

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

Under the terms of grant agreements, Lee/Ogle Counties Regional Office of Education No. 47 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 Lee/Ogle Counties Regional Office of Education No. 47's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary fund of Lee/Ogle Counties Regional Office of Education No. 47 applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Lee/Ogle Counties Regional Office of Education No. 47's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Lee/Ogle Counties Regional Office of Education No. 47 maintains its financial records on the cash basis. The financial statements of Lee/Ogle Counties Regional Office of Education No. 47 are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Fund Equity

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

Cash and investments - The cash and investment balances of Lee/Ogle Counties Regional Office of Education No. 47 are valued at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education, other agencies, and districts.

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 Lee/Ogle Counties Regional Office of Education No. 47 as assets with estimated useful lives in excess of one year. Capital assets are depreciated using the straight line method over 5 - 7 years.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

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.

Budgets and Budgetary Accounting

Lee/Ogle Counties Regional Office of Education No. 47 did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2009; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, Illinois State Board of Education, a granting agent, requires budgets for certain program money. For the year ended June 30, 2009, a budgetary comparison schedule is presented for the following grant funds: ROE Operations, Mathematics and Science Partnership, McKinney Education for Homeless Children, Truants Alternative Education, English Language, Teacher Mentoring Pilot Program, Early Childhood Block Grant (Pre-School), Early Childhood Block Grant, Regional Safe Schools Program, and Title I - Migrant Education.

Subsequent Events

Management has evaluated subsequent events through June 25, 2010, the date the financial statements were available to be issued.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2009, the carrying amount of the Regional Office of Education No. 47's deposits were \$289,714 (net of cash overdrafts) and the bank balance was \$523,118.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, Lee/Ogle Counties Regional Office of Education No. 47's deposits may not be returned. Lee/Ogle Counties Regional Office of Education No. 47 does not have a deposit policy for custodial credit risk. As of June 30, 2009, all of Lee/Ogle Counties Regional Office of Education No. 47's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Lee/Ogle Counties Regional Office of Education No. 47's name.

A reconciliation of cash as shown on the Statement of Net Assets for the primary government is as follows:

	<u>Carrying Amount</u>
Cash - Primary Government	\$ 159,273
Cash - Private-Purpose Trust	27,559
Cash - Agency	<u>102,882</u>
Total	<u>\$ 289,714</u>

At June 30, 2009, the Regional Office of Education No. 47 had investments, not subject to categorization with carrying and fair values of \$156,403 as follows:

Equity in pooled cash and investments of the Bloom Township School Treasurer	<u>\$ 156,403</u>
---------------------------------------------------------------------------------	--------------------------

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the ROE will not be able to recover the value of its investments or collateral securities in the possession of an outside party. State law does not require collateralization of investments.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 3 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and her first assistant are paid by the State of Illinois. All other salaries are paid by Lee/Ogle Counties. Pension plan contributions associated with these salaries are also paid respectively, by the State of Illinois and Lee/Ogle Counties.

A breakdown of the on-behalf payments are as follows:

Regional Superintendent - salary	\$ 96,435
Regional Superintendent - benefits (includes state paid insurance)	22,135
Assistant Regional Superintendent - salary	86,791
Assistant Regional Superintendent - benefits (includes state paid insurance)	18,394
TRS on-behalf payments	38,988
Lee County on-behalf payments	51,234
Ogle County on-behalf payments	<u>57,237</u>
Total on-behalf payments	<u>\$ 371,214</u>

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

NOTE 4 - CAPITAL ASSETS

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

	June 30, 2008	Additions	Deletions	June 30, 2009
Governmental activities:				
Furniture and equipment	\$ 496,915	\$ 3,298	\$ -	\$ 500,213
Less accumulated depreciation	<u>(430,275)</u>	<u>(28,279)</u>	<u>-</u>	<u>(458,554)</u>
Total capital assets, net	<u>\$ 66,640</u>	<u>\$ (24,981)</u>	<u>\$ -</u>	<u>\$ 41,659</u>

Depreciation expense was charged as follows:

Governmental activities:	
Education:	
Depreciation expense	<u>\$ 28,279</u>

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 5 - EMPLOYEE BENEFIT PLAN

The Regional Office of Education No. 47 employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Lee/Ogle Counties and through grant monies on behalf of the Lee/Ogle Counties Regional Office of Education No. 47 staff employees and grant coordinators.

Lee/Ogle Counties are participating members of the Illinois Municipal Retirement Fund whose coverage includes all employees who:

- a. Occupy a job normally requiring 600 hours or more per year;
- b. Are paid on a regular payroll from County or Lee/Ogle Counties Regional Office of Education No. 47 funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another State created retirement system for the same service.

Employees not qualifying above are considered as "nonparticipating employees" and are covered under Social Security.

The Regional Superintendent and the Assistant Regional Superintendent of Lee/Ogle Counties Regional Office of Education No. 47 are paid by the State of Illinois. Certain staff employees of the office are employed and paid by Lee or Ogle Counties (other support staff and grant coordinators are paid through grant monies). Lee/Ogle Counties Regional Office of Education No. 47 has no separate employee benefit plan.

Illinois Municipal Retirement Plan

Plan Description. The Regional Office of Education'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 plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education 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 2008 was 8.21 percent of annual covered payroll. The Regional Office of Education 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.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Annual Pension Cost. For 2008, the Regional Office of Education's annual pension cost of \$16,011 for the Regular plan was equal to the Regional Office of Education's required and actual contributions.

TREND INFORMATION			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$ 16,011	100%	\$ -
12/31/07	18,570	100%	-
12/31/06	19,392	100%	-

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education 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 December 31, 2006 was 5 years.

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 90.35 percent funded. The actuarial accrued liability for benefits was \$278,286 and the actuarial value of assets was \$251,437, resulting in an underfunded actuarial accrued liability (UAAL) of \$26,849. The covered payroll (annual payroll of active employees covered by the plan) was \$195,014 the ratio of the UAAL to the covered payroll was 14 percent.

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 6 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

Lee/Ogle Counties Regional Office of Education No. 47 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2009, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2008 and 2007. In addition, virtually all members pay a contribution to the Teacher's Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2009, and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Lee/Ogle Counties Regional Office of Education No. 47's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 47. For the year ended June 30, 2009, the State of Illinois contributions were based on 17.08 percent of creditable earnings, and the Regional Office of Education No. 47 recognized revenue and expenditures of \$38,988 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007 the State of Illinois contribution rates as percentages of creditable earnings were 13.11 percent (\$34,321) and 9.78 percent (\$30,380), respectively.

The state contributions to TRS for the year ended June 30, 2009 and 2008 was based on an actuarial formula. The state contribution for the year ended June 30, 2007 was based on a dollar amount specified by the statute and was not actuarially determined.

Lee/Ogle Counties Regional Office of Education No. 47 makes three other types of employer contributions directly to TRS.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 6 - RETIREMENT PLANS (CONTINUED)

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2009 were \$2,406. Contributions for the years ending June 30, 2008 and June 30, 2007 were \$2,118 and \$1,802, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education No. 47, there is a statutory requirement for the Regional Office of Education No. 47 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions paid from federal and trust funds will be the same as the state contribution rate for TRS.

For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and trust funds. For the years ended June 30, 2008 and 2007, the employer pension contribution was 13.11 and 9.78 percent of salaries paid from federal and special trusts funds, respectively. For the year ended June 30, 2009, salaries totaling \$7,552 were paid from federal and trust funds that required employer contributions of \$1,290. For the years ended June 30, 2008 and 2007, required ROE contributions were \$9,582 and \$12,578, respectively.

Early Retirement Option. Lee/Ogle Counties Regional Office of Education No. 47 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004 a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies in the Pipeline ERO). Under the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2009, the Regional Office of Education paid \$-0-. For the years ended June 30, 2008 and June 30, 2007 the Regional Office of Education No. 47 paid \$-0- in employer ERO contributions, respectively.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 6 - RETIREMENT PLANS (CONTINUED)

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases up to 6 percent. For the years ended June 30, 2009, June 30, 2008, and June 30, 2007, the Regional Office of Education No. 47 did not make any contributions to TRS for 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 (18.67 percent of salary during the year ended June 30, 2009). For the years ended June 30, 2009, June 30, 2008, and June 30, 2007, the Regional Office of Education No. 47 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2008. The report for the year ended June 30, 2009, is expected to be available in late 2009. 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 trs.illinois.gov.

NOTE 7 - DISTRIBUTIVE FUND INTEREST DISPOSITION

Interest earned on distributive fund receipts is transferred to the Local Fund by the consent of all affected school boards and other entities. The funds are utilized by the Regional Superintendent to purchase computer equipment, develop inservice activities, and other innovative programs, as well as, assist with the necessary operating expenses of the Regional Office.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 8 - DUE FROM OTHER GOVERNMENTS

The Lee/Ogle Counties Regional Office of Education No. 47's General, Special Revenue, and Agency Funds have funds due from various other governmental units which consist of the following:

Due from Other Governments

General Fund

ROE Operations

Illinois State Board of Education	\$ 39,769
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Local Fund

Other local entities	12,325
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Education Fund

Mathematics and Science Partnership

Illinois State Board of Education	8,649
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McKinney Education for Homeless Children

Illinois State Board of Education	42,684
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Learning Improvement through Non-Traditional Curriculum (LINC)

Illinois State Board of Education	6,358
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Truants Alternative Education

Illinois State Board of Education	77,008
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English Language

Illinois State Board of Education	1,673
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Teacher Mentoring Pilot Program

Illinois State Board of Education	80,429
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Preschool for All Monitoring

Illinois State Board of Education	6,461
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Regional System of Support Providers

Local Government	56,146
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Early Childhood Block Grant (Pre-School)

Illinois State Board of Education	33,712
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Early Childhood Block Grant

Illinois State Board of Education	9,985
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Regional Safe Schools

Illinois State Board of Education	88,388
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Illinois New Principal Mentoring

Local Government	12,500
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National School Lunch

Illinois State Board of Education	829
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State Free Lunch and Breakfast

Illinois State Board of Education	57
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School Breakfast Program

Illinois State Board of Education	359
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Gifted Education

Illinois State Board of Education	2
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**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 8 - DUE FROM OTHER GOVERNMENTS (CONTINUED)

Institute Fund	
Other local entities	6,000
Nonmajor Special Revenue	
General Educational Development	
Other local entities	5,871
Proprietary Funds	
Workshops	
Other local entities	1,291
Agency Funds	
Impact Fees	
Local Government	2,052
Petitions Fund	
Local Government	<u>234</u>
Total	<u>\$ 492,782</u>

NOTE 9 - DEFICIT FUND BALANCE

At June 30, 2009, the following fund had a deficit fund balance. It is expected to correct itself in 2010, through payments from the State and transfers from local funds.

Education Fund	
McKinney Education for Homeless Children	<u>\$ (7)</u>

NOTE 10 - RISK MANAGEMENT

Lee/Ogle Counties Regional Office of Education No. 47 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Lee/Ogle Counties Regional Office of Education No. 47 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 11 - NEW PRONOUNCEMENTS

In 2009, Lee/Ogle Counties Regional Office of Education No. 47 adopted Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*; GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*; GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The Regional Office of Education No. 47 implemented these standards during the current year; however, there was no significant impact of the implementation of GASB No. 49, 52, 55, and 56 on the financial statements.

This information is an integral part of the accompanying financial statements.

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 SCHEDULE OF FUNDING PROGRESS -
 ILLINOIS MUNICIPAL RETIREMENT FUND (Unaudited)
 June 30, 2009

ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 251,437	\$ 278,286	\$ 26,849	90.35%	\$ 195,014	13.77%
12/31/07	239,356	218,276	(21,080)	109.66%	184,409	0.00%
12/31/06	198,296	199,481	1,185	99.41%	194,899	0.61%

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$208,511.
 On a market basis, the funded ratio would be 74.93%.

***Digest of Changes**

- The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

SUPPLEMENTAL INFORMATION

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2009

	<u>ROE</u> <u>Operations</u>	<u>Local</u> <u>Fund</u>	<u>Total</u>
ASSETS			
Cash (overdrafts) and cash equivalents	\$ (39,769)	\$ 302,604	\$ 262,835
Due from other governments	39,769	12,325	52,094
Prepaid expenses	<u>1,812</u>	<u>881</u>	<u>2,693</u>
TOTAL ASSETS	<u>\$ 1,812</u>	<u>\$ 315,810</u>	<u>\$ 317,622</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 50	\$ 50
FUND BALANCES, UNRESERVED	<u>1,812</u>	<u>315,760</u>	<u>317,572</u>
TOTAL LIABILITIES AND			
FUND BALANCES, UNRESERVED	<u>\$ 1,812</u>	<u>\$ 315,810</u>	<u>\$ 317,622</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2009

	<u>ROE</u> <u>Operations</u>	<u>Local</u> <u>Fund</u>	<u>Total</u>
REVENUES:			
Local sources	\$ -	\$ 180,476	\$ 180,476
State sources	79,769	-	79,769
On-behalf payments	<u>371,214</u>	<u>-</u>	<u>371,214</u>
Total revenues	<u>450,983</u>	<u>180,476</u>	<u>631,459</u>
EXPENDITURES:			
Education:			
Salaries	58,997	29,224	88,221
Benefits	6,182	4,657	10,839
Purchased services	12,381	77,668	90,049
Supplies and materials	397	9,621	10,018
On-behalf payments	371,214	-	371,214
Capital outlay	<u>-</u>	<u>2,474</u>	<u>2,474</u>
Total expenditures	<u>449,171</u>	<u>123,644</u>	<u>572,815</u>
NET CHANGE IN			
FUND BALANCES	1,812	56,832	58,644
FUND BALANCE,			
BEGINNING OF YEAR	<u>-</u>	<u>258,928</u>	<u>258,928</u>
FUND BALANCE,			
END OF YEAR	<u>\$ 1,812</u>	<u>\$ 315,760</u>	<u>\$ 317,572</u>

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
Year Ended June 30, 2009**

	ROE Operations Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State sources	\$ 79,768	\$ 79,769	\$ 79,769	\$ -
On-behalf payments	-	-	371,214	371,214
Total revenues	79,768	79,769	450,983	371,214
EXPENDITURES:				
Education:				
Salaries	70,500	57,500	58,997	(1,497)
Benefits	8,000	6,945	6,182	763
Purchased services	1,268	14,724	12,381	2,343
Supplies and materials	-	600	397	203
On-behalf payments	-	-	371,214	(371,214)
Total expenditures	79,768	79,769	449,171	(369,402)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,812	\$ 1,812
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			\$ 1,812	

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2009

		<u>Illinois Family Violence Coordinating Council</u>		<u>Mathematics and Science Partnership</u>		<u>Rural Education Achievement Program</u>		<u>McKinney Education for Homeless Children</u>		<u>Learning Improvement Through Non- Traditional Curriculum (LINC)</u>
ASSETS										
Cash (overdrafts) and cash equivalents	\$	6,415	\$	(8,649)	\$	-	\$	(42,691)	\$	(4,354)
Due from other governments		-		8,649		-		42,684		6,358
TOTAL ASSETS	\$	6,415	\$	-	\$	-	\$	(7)	\$	2,004
LIABILITIES AND FUND BALANCES (DEFICITS)										
LIABILITIES										
Accounts payable	\$	-	\$	-	\$	-	\$	-	\$	1,215
Deferred revenue		-		-		-		-		-
Total liabilities		-		-		-		-		1,215
FUND BALANCES (DEFICITS)										
Unreserved		6,415		-		-		(7)		789
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$	6,415	\$	-	\$	-	\$	(7)	\$	2,004

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2009

SCHEDULE 4
 (CONTINUED)

	<u>Truants Alternative Education</u>	<u>English Language Learners</u>	<u>Teacher Mentoring Pilot Program</u>	<u>Preschool for All Monitoring</u>
ASSETS				
Cash (overdrafts) and cash equivalents	\$ (77,008)	\$ (1,673)	\$ (79,985)	\$ (6,354)
Due from other governments	<u>77,008</u>	<u>1,673</u>	<u>80,429</u>	<u>6,461</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 107</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 444	\$ -
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	444	-
FUND BALANCES (DEFICITS)				
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 107</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2009

SCHEDULE 4
 (CONTINUED)

	<u>Social Emotional Learning</u>	<u>Regional System of Support Providers</u>	<u>Preschool For All Program</u>	<u>Early Childhood Block Grant</u>	<u>Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 23,996	\$ (23,350)	\$ (33,711)	\$ (9,985)	\$ 3,500
Due from other governments	-	56,146	33,712	9,985	-
TOTAL ASSETS	\$ 23,996	\$ 32,796	\$ 1	\$ -	\$ 3,500
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 7,411	\$ 32,667	\$ -	\$ -	\$ 276
Deferred revenue	16,585	-	-	-	-
Total liabilities	23,996	32,667	-	-	276
FUND BALANCES (DEFICITS)					
Unreserved	-	129	1	-	3,224
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 23,996	\$ 32,796	\$ 1	\$ -	\$ 3,500

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2009

SCHEDULE 4
 (CONTINUED)

	<u>Regional Safe Schools Program</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Title I - Migrant Education</u>	<u>Illinois New Principal Mentoring</u>	<u>National School Lunch</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ -	\$ -	\$ 65,580	\$ (2,500)	\$ 294
Due from other governments	88,388	-	-	12,500	829
TOTAL ASSETS	<u>\$ 88,388</u>	<u>\$ -</u>	<u>\$ 65,580</u>	<u>\$ 10,000</u>	<u>\$ 1,123</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 88,388	\$ -	\$ -	\$ 10,000	\$ 1,123
Deferred revenue	-	-	65,580	-	-
Total liabilities	<u>88,388</u>	<u>-</u>	<u>65,580</u>	<u>10,000</u>	<u>1,123</u>
FUND BALANCES (DEFICITS)					
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 88,388</u>	<u>\$ -</u>	<u>\$ 65,580</u>	<u>\$ 10,000</u>	<u>\$ 1,123</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2009

SCHEDULE 4
 (CONTINUED)

	<u>State Free Lunch and Breakfast</u>	<u>School Breakfast Program</u>	<u>Gifted Education</u>	<u>Standards Aligned Classroom</u>	<u>Totals</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 74	\$ -	\$ (2)	\$ -	\$ (190,403)
Due from other governments	57	359	2	-	425,240
TOTAL ASSETS	<u>\$ 131</u>	<u>\$ 359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,837</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 131	\$ 359	\$ -	\$ -	\$ 142,014
Deferred revenue	-	-	-	-	82,165
Total liabilities	<u>131</u>	<u>359</u>	<u>-</u>	<u>-</u>	<u>224,179</u>
FUND BALANCES (DEFICITS)					
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,658</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 131</u>	<u>\$ 359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,837</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2009

	Illinois Family Violence Coordinating Council	Mathematics and Science Partnership	Rural Education Achievement Program	McKinney Education for Homeless Children	Learning Improvement Through Non- Traditional Curriculum (LINC)
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	18,387	-	-	-	-
Federal sources	-	91,605	19,715	332,997	31,759
Total revenues	<u>18,387</u>	<u>91,605</u>	<u>19,715</u>	<u>332,997</u>	<u>31,759</u>
EXPENDITURES:					
Education:					
Salaries	16,800	33,201	-	78,535	19,735
Benefits	1,183	6,593	-	10,168	4,303
Purchased services	1,490	46,941	-	16,460	4,797
Supplies and materials	175	4,870	-	6,497	241
Payments to other governments	-	-	19,715	220,520	-
Capital outlay	-	-	-	824	-
Total expenditures	<u>19,648</u>	<u>91,605</u>	<u>19,715</u>	<u>333,004</u>	<u>29,076</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,261)	-	-	(7)	2,683
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>7,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,894)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 6,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ 789</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2009

	<u>Truants Alternative Education</u>	<u>English Language Learners</u>	<u>Teacher Mentoring Pilot Program</u>	<u>Preschool for All Monitoring</u>
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	182,421	-	114,723	25,607
Federal sources	-	6,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	182,421	6,000	114,723	25,607
EXPENDITURES:				
Education:				
Salaries	120,845	-	43,613	-
Benefits	12,674	-	4,216	-
Purchased services	42,354	6,000	66,034	25,334
Supplies and materials	6,548	-	860	166
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	182,421	6,000	114,723	25,500
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	107
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), END OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ -	\$ -	\$ 107

SCHEDULE 5
(CONTINUED)

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2009

	<u>Social Emotional Learning</u>	<u>Regional System of Support Providers</u>	<u>Preschool For All Program</u>	<u>Early Childhood Block Grant</u>	<u>Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)</u>
REVENUES:					
Local sources	\$ 21,029	\$ -	\$ -	\$ -	\$ 13,000
State sources	67,631	-	99,270	32,485	172,842
Federal sources	-	135,645	-	-	51,097
Total revenues	<u>88,660</u>	<u>135,645</u>	<u>99,270</u>	<u>32,485</u>	<u>236,939</u>
EXPENDITURES:					
Education:					
Salaries	41,118	6,928	70,935	25,282	205,697
Benefits	5,209	98	8,964	3,630	25,307
Purchased services	41,707	128,490	11,121	2,540	20,030
Supplies and materials	626	-	8,249	1,033	3,639
Payments to other governments	-	-	-	-	1,183
Capital outlay	-	-	-	-	-
Total expenditures	<u>88,660</u>	<u>135,516</u>	<u>99,269</u>	<u>32,485</u>	<u>255,856</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	129	1	-	(18,917)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,141</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 129</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 3,224</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2009

	<u>Regional Safe Schools Program</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Title I - Migrant Education</u>	<u>Illinois New Principal Mentoring</u>	<u>National School Lunch</u>
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	159,096	135,955	-	13,750	-
Federal sources	-	40,193	4,100	-	4,018
Total revenues	<u>159,096</u>	<u>176,148</u>	<u>4,100</u>	<u>13,750</u>	<u>4,018</u>
EXPENDITURES:					
Education:					
Salaries	-	-	-	4,230	-
Benefits	-	-	-	299	-
Purchased services	-	-	4,100	11,380	-
Supplies and materials	-	-	-	-	-
Payments to other governments	159,096	176,148	-	-	4,796
Capital outlay	-	-	-	-	-
Total expenditures	<u>159,096</u>	<u>176,148</u>	<u>4,100</u>	<u>15,909</u>	<u>4,796</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	(2,159)	(778)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,159</u>	<u>778</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2009

	<u>State Free Lunch and Breakfast</u>	<u>School Breakfast Program</u>	<u>Gifted Education</u>	<u>Standards Aligned Classroom</u>	<u>Totals</u>
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 34,029
State sources	216	-	2	-	1,022,385
Federal sources	-	1,541	-	4,000	722,670
Total revenues	216	1,541	2	4,000	1,779,084
EXPENDITURES:					
Education:					
Salaries	-	-	-	-	666,919
Benefits	-	-	-	-	82,644
Purchased services	-	-	2	3,923	432,703
Supplies and materials	-	-	-	77	32,981
Payments to other governments	228	1,541	-	-	583,227
Capital outlay	-	-	-	-	824
Total expenditures	228	1,541	2	4,000	1,799,298
NET CHANGE IN FUND BALANCES (DEFICITS)	(12)	-	-	-	(20,214)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	12	-	-	-	30,872
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 10,658

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2009

	Mathematics and Science Partnership				McKinney Education for Homeless Children				Truants Alternative Education			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:												
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,421	\$ 182,421	\$ 182,421	\$ -
Federal sources	189,233	189,233	91,605	(97,628)	320,918	333,004	332,997	(7)	-	-	-	-
Total revenues	189,233	189,233	91,605	(97,628)	320,918	333,004	332,997	(7)	182,421	182,421	182,421	-
EXPENDITURES:												
Education:												
Salaries	32,579	32,579	33,201	(622)	63,500	73,692	78,535	(4,843)	122,158	122,158	120,845	1,313
Benefits	8,711	8,711	6,593	2,118	9,447	10,548	10,168	380	11,927	11,927	12,674	(747)
Purchased services	69,293	69,293	46,941	22,352	18,757	19,696	16,460	3,236	43,677	43,677	42,354	1,323
Supplies and materials	20,650	20,650	4,870	15,780	2,747	7,047	6,497	550	4,659	4,659	6,548	(1,889)
Payments to other governments	-	-	-	-	224,967	220,521	220,520	1	-	-	-	-
Capital outlay	58,000	58,000	-	58,000	1,500	1,500	824	676	-	-	-	-
Total expenditures	189,233	189,233	91,605	97,628	320,918	333,004	333,004	-	182,421	182,421	182,421	-
NET CHANGE IN FUND BALANCES (DEFICITS)	\$ -	\$ -	-	\$ -	\$ -	\$ -	(7)	\$ (7)	\$ -	\$ -	-	\$ -
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ (7)				\$ -	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2009

	English Language				Teacher Mentoring Pilot Program				Early Childhood Block Grant (Pre-School)			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:												
State sources	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 114,723	\$ 14,723	\$ 84,031	\$ 85,712	\$ 99,270	\$ 13,558
Federal sources	6,000	6,000	6,000	-	-	-	-	-	-	-	-	-
Total revenues	6,000	6,000	6,000	-	100,000	100,000	114,723	14,723	84,031	85,712	99,270	13,558
EXPENDITURES:												
Education:												
Salaries	-	-	-	-	24,647	34,952	43,613	(8,661)	64,845	65,845	70,935	(5,090)
Benefits	-	-	-	-	2,172	3,679	4,216	(537)	8,154	8,354	8,964	(610)
Purchased services	1,400	6,000	6,000	-	72,856	61,044	66,034	(4,990)	9,306	8,816	11,121	(2,305)
Supplies and materials	-	-	-	-	325	325	860	(535)	1,726	2,697	8,249	(5,552)
Payments to other governments	4,600	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	6,000	6,000	6,000	-	100,000	100,000	114,723	(14,723)	84,031	85,712	99,269	(13,557)
NET CHANGE IN FUND BALANCES (DEFICITS)	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	1	\$ 1
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ -				\$ 1	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2009

	Early Childhood Block Grant				Regional Safe Schools Program			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
State sources	\$ 31,848	\$ 32,485	\$ 32,485	\$ -	\$ 159,096	\$ 159,096	\$ 159,096	\$ -
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>31,848</u>	<u>32,485</u>	<u>32,485</u>	<u>-</u>	<u>159,096</u>	<u>159,096</u>	<u>159,096</u>	<u>-</u>
EXPENDITURES:								
Education:								
Salaries	25,282	25,282	25,282	-	-	-	-	-
Benefits	3,982	4,341	3,630	711	-	-	-	-
Purchased services	2,384	2,662	2,540	122	-	-	-	-
Supplies and materials	200	200	1,033	(833)	-	-	-	-
Payments to other governments	-	-	-	-	159,096	159,096	159,096	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>31,848</u>	<u>32,485</u>	<u>32,485</u>	<u>-</u>	<u>159,096</u>	<u>159,096</u>	<u>159,096</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2009

	Title I - Migrant Education				Total			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ 557,396	\$ 559,714	\$ 587,995	\$ 28,281
Federal sources	69,680	88,271	4,100	(84,171)	585,831	616,508	434,702	(181,806)
Total revenues	69,680	88,271	4,100	(84,171)	1,143,227	1,176,222	1,022,697	(153,525)
EXPENDITURES:								
Education:								
Salaries	29,695	47,719	-	47,719	362,706	402,227	372,411	29,816
Benefits	8,727	13,984	-	13,984	53,120	61,544	46,245	15,299
Purchased services	29,908	22,718	4,100	18,618	247,581	233,906	195,550	38,356
Supplies and materials	1,350	3,850	-	3,850	31,657	39,428	28,057	11,371
Payments to other governments	-	-	-	-	388,663	379,617	379,616	1
Capital outlay	-	-	-	-	59,500	59,500	824	58,676
Total expenditures	69,680	88,271	4,100	84,171	1,143,227	1,176,222	1,022,703	153,519
NET CHANGE IN FUND BALANCES (DEFICITS)	\$ -	\$ -	-	\$ -	\$ -	\$ -	(6)	\$ (6)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR				-			-	
FUND BALANCE (DEFICIT), END OF YEAR				\$ -			\$ (6)	

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009**

ASSETS	Bus Driver Fund	GED Fund	Supervisory Expense	Total
Cash (overdrafts) and cash equivalents	\$ 3,374	\$ (2,073)	\$ -	\$ 1,301
Due from other governments	<u>-</u>	<u>5,871</u>	<u>-</u>	<u>5,871</u>
TOTAL ASSETS	<u>\$ 3,374</u>	<u>\$ 3,798</u>	<u>\$ -</u>	<u>\$ 7,172</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 1,018	\$ -	\$ 1,018
FUND BALANCES				
Unreserved	<u>3,374</u>	<u>2,780</u>	<u>-</u>	<u>6,154</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,374</u>	<u>\$ 3,798</u>	<u>\$ -</u>	<u>\$ 7,172</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2009

	Bus Driver <u>Fund</u>	<u>GED Fund</u>	Supervisory <u>Expense</u>	<u>Total</u>
REVENUES:				
Local sources	\$ 1,260	\$ 23,976	\$ -	\$ 25,236
State sources	903	-	2,000	2,903
Total revenues	<u>2,163</u>	<u>23,976</u>	<u>2,000</u>	<u>28,139</u>
EXPENDITURES:				
Education:				
Salaries	-	9,999	-	9,999
Benefits	-	765	-	765
Purchased services	2,403	9,267	2,000	13,670
Supplies and materials	99	2,978	-	3,077
Total expenditures	<u>2,502</u>	<u>23,009</u>	<u>2,000</u>	<u>27,511</u>
NET CHANGE IN FUND BALANCES	(339)	967	-	628
FUND BALANCE, BEGINNING OF YEAR	<u>3,713</u>	<u>1,813</u>	<u>-</u>	<u>5,526</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,374</u>	<u>\$ 2,780</u>	<u>\$ -</u>	<u>\$ 6,154</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2009

	<u>Distributive Fund</u>	<u>Impact Fees</u>	<u>Petitions Fund</u>	<u>Total</u>
ASSETS				
Cash (overdrafts)	\$ 105,168	\$ (2,052)	\$ (234)	\$ 102,882
Due from other governmental agencies	<u>-</u>	<u>2,052</u>	<u>234</u>	<u>2,286</u>
TOTAL ASSETS	<u>\$ 105,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,168</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ 105,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,168</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2009

	<u>Balance,</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2009</u>
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash	\$ 685	\$ 1,242,409	\$ 1,137,926	\$ 105,168
LIABILITIES				
Due to other governmental agencies	\$ 685	\$ 1,242,409	\$ 1,137,926	\$ 105,168
 <u>IMPACT FEES</u>				
ASSETS				
Cash (overdrafts)	\$ -	\$ 28,860	\$ 30,912	\$ (2,052)
Due from other governmental agencies	-	2,052	-	2,052
TOTAL ASSETS	\$ -	\$ 30,912	\$ 30,912	\$ -
LIABILITIES				
Due to other governmental agencies	\$ -	\$ 30,912	\$ 30,912	\$ -
 <u>PETITIONS FUND</u>				
ASSETS				
Cash (overdrafts)	\$ 242	\$ 1,272	\$ 1,748	\$ (234)
Due from other governmental agencies	-	234	-	234
TOTAL ASSETS	\$ 242	\$ 1,506	\$ 1,748	\$ -
LIABILITIES				
Due to other governmental agencies	\$ 242	\$ 1,506	\$ 1,748	\$ -
 <u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 927	\$ 1,272,541	\$ 1,170,586	\$ 102,882
Due from other governmental agencies	-	2,286	-	2,286
TOTAL ASSETS	\$ 927	\$ 1,274,827	\$ 1,170,586	\$ 105,168
LIABILITIES				
Due to other governmental agencies	\$ 927	\$ 1,274,827	\$ 1,170,586	\$ 105,168

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Federal Grantor/Pass- Through Grantor, <u>Program or Cluster Title</u>	CFDA Number	Project Number (1st 8 digits) or Contract #	Federal Expenditures 7/1/2008 - 6/30/2009
U.S. Department of Agriculture passed through Illinois State Board of Education (ISBE):			
National School Lunch Program	10.555	09-4210-00	\$ 4,796
School Breakfast Program	10.553	09-4220-00	<u>1,541</u>
Total U.S. Department of Agriculture			<u>6,337</u>
U.S. Department of Labor passed through Business Employment Skills Team			
Workforce Investment Act (WIA) Youth Activities	17.259	09-local	<u>29,076</u>
U.S. Department of Education passed through Illinois State Board of Education (ISBE):			
Mathematics and Science Partnership	84.366B	09-4936-01	8,649
Mathematics and Science Partnership	84.366B	08-4936-01	<u>82,956</u>
			<u>91,605</u>
State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act (Education Stabilization Fund)	84.394A	09-4850-93	40,193
State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act (Education Stabilization Fund)	84.394A	09-4850-95	<u>51,097</u>
			<u>91,290</u>
(M) McKinney Education for Homeless Children	84.196A	09-4920-00	<u>333,004</u>
Title I - Migrant Education	84.011A	09-4340-01	<u>4,100</u>
English Language Learners	84.365A	09-4999-PD	<u>6,000</u>
Total U.S. Department of Education			<u>525,999</u>
U.S. Department of Education passed through			
Rural Education Achievement Program	84.358A	09-4999-00	<u>19,715</u>
Other Federal Grants			
Passed through Boone-Winnebago Counties - Regional Office of Education No. 4			
Standards Aligned Classroom	84.010A	09-local	4,000
Regional System of Support	84.367A	09-local	<u>135,516</u>
			<u>139,516</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>720,643</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lee/Ogle Counties Regional Office of Education No. 47 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, Lee/Ogle Counties Regional Office of Education No. 47 provided \$240,235 to sub-recipients during fiscal year ended June 30, 2009 as follows:

To:	Ogle County Education Cooperative (OCEC):		
	84.358A	2008-4999-00 Rural Education Achievement Program	\$ 19,715
To:	Bureau, Henry, and Stark Counties Regional Office of Education No. 28:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	30,348
To:	Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education No. 8:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	10,639
To:	DeKalb County Regional Office of Education No. 16:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	12,481
To:	Dixon Public Schools:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	2,686
To:	Harlem Consolidated School District No. 122:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	6,201
To:	LaSalle County Regional Office of Education No. 35:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	31,698
To:	Marshall, Putnum, and Woodford Counties Regional Office of Education No. 43:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	7,325
To:	Rochelle Community College District No. 231:		
	84.196	2008-4920-00 McKinney Education for Homeless Children	3,390

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009**

NOTE 2 - SUBRECIPIENTS (CONTINUED)

To: Rochelle THSD No. 212:				
84.196	2008-4920-00	McKinney Education for Homeless Children		3,475
To: Rockford Public School District No. 205:				
84.196	2008-4920-00	McKinney Education for Homeless Children		75,393
To: Rock Island County Regional Office of Education No. 49:				
84.196	2008-4920-00	McKinney Education for Homeless Children		31,821
To: Whiteside County Regional Office of Education No. 55:				
84.196	2008-4920-00	McKinney Education for Homeless Children		5,063

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

The following federal program was audited as a major program in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

McKinney Education for Homeless Children - to account for the grant monies received for, and payment of, expenditures relating to McKinney Education for Homeless Children program.

NOTE 4 - NON-CASH ASSISTANCE

N/A

NOTE 5 - AMOUNT OF INSURANCE

N/A

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

N/A

This information is an integral part of the accompanying schedule.