State of Illinois REGIONAL OFFICE OF EDUCATION #20 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 Office of the Auditor General

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 TABLE OF CONTENTS June 30, 2009

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### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 OFFICIALS

Regional Superintendent (Current and during the Audit Period) Mr. Lawrence Fillingim

Assistant Regional Superintendent (July 1, 2008 through December 31, 2008)

Assistant Regional Superintendent (January 1, 2009 through June 30, 2009) Mr. Kent Wheeler

Mr. James Taylor

Offices are located at:

512 N. Main Street Harrisburg, IL 62946

930 Market Street Mount Carmel, IL 62863

Wayne County Courthouse Fairfield, IL 62837

307 E. Cherry Street Carmi, IL 62821

500 E. Main Street Albion, IL 62806

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 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

Number of	This Audit	Prior Audit
Audit findings	2	0
Repeated audit findings	0	0
Prior recommendations implemented		
or not repeated	0	2

Three additional matters, which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditor's reports.

### SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	Description	Finding Type
	FINDINGS	(GOVERNMENT AUDITING STANDARDS	\$)
09-1	12a	Internal Control over Disbursements and Receipts	Material Weakness
09-2	12b	Internal Control over Financial Reporting	Material Weakness

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMPLIANCE REPORT SUMMARY (Concluded)

Finding Type

#### FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

Item No. Page Description

None

### EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 11, 2009. Attending were Larry Fillingim, Regional Superintendent and Michelle D. Smith, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Larry Fillingim, Regional Superintendent on 12/16/2009.

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2009, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Our responsibility is to express an opinion 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 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, 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 a report dated February 24, 2010, on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

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The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16g, and 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kempar CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana February 24, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2009, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements and have issued our report thereon dated February 24, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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7200 Eagle Crest Blvd. **a** Evansville, IN 47715-8154 Phone: (812)421-8000 Fax: (812)421-2292 kempercpa.com 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. We consider the deficiencies described in findings 09-1 and 09-2 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 in a separate letter dated February 24, 2010.

Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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, 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.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana February 24, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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. Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's major federal programs. Our responsibility is to express an opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and Office of Education #20's compliance of Education #20's management. Our responsibility is to express an opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's compliances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Edwards, Hardin, Gallatin, Pope, Saline, Office of Education #20's compliances.

In our opinion, Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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.

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#### Internal Control Over Compliance

The management of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over compliance.

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.

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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, 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.

Kempor CPA Group LLP

Certified Public Accountants and Consultants Evansville, Indiana February 24, 2010

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30,2009

# SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

### **Financial Statements**

Type of auditor's report issued:		Unqualified
Internal control over financial report	ing:	
• Material weakness(es) identified	?	Yes
• Significant deficiency(ies) identities be material weakness(es)?	fied that are not considered to	No
• Noncompliance material to finan	cial statements noted?	No
Federal Awards		
Internal control over major programs	3:	
• Material weakness(es) identified	?	No
<ul> <li>Significant deficiency(ies) identities be material weakness(es)?</li> </ul>	fied that are not considered to	No
Type of auditor's report issued on co	ompliance for major programs:	Unqualified
Any audit findings disclosed that are with OMB Circular A-133, Secti		ance No
Identification of major programs:		
<b>CFDA Number(s)</b> 84.173A	Name of Federal Program or Federal Special Education- Pres	
Dollar threshold used to distinguish	between Type A and Type B prog	rams: \$300,000
Auditee qualified as a low-risk audit	ee?	Yes

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

## SECTION II - FINANCIAL STATEMENT FINDINGS

### Finding No. 09-1 - Internal Control over Disbursements and Receipts

### Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over disbursements and receipts to prevent errors and fraud.

### **Condition:**

During our testing of internal controls we noted that the Regional Superintendent does not review the bank reconciliations once they are completed.

#### **Effect:**

Lack of proper review of the various accounting processes could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

#### Cause:

The Regional Office of Education #20 has not developed proper internal control procedures over their disbursements and receipts process.

### **Recommendation:**

As part of its internal control over the cash disbursements and receipts, the Regional Superintendent should receive the bank statements, unopened, review them, and also review the bank reconciliations once they have been completed.

### Management's Response:

Management now opens the bank statements and reviews them before the accounting staff prepares the bank reconciliations. Management also reviews all bank reconciliations monthly and initials all bank statements and bank reconciliations to confirm that he has reviewed them.

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

### SECTION II - FINANCIAL STATEMENT FINDINGS (Concluded)

### Finding No. 09-2 – Internal Control Over Financial Reporting

### Criteria/specific requirement:

The Regional Office of Education #20 is required to maintain a system of controls over the financial reporting in accordance with generally accepted accounting principles (GAAP).

#### **Condition:**

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some 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 in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

• Numerous adjusting entries 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 in a timely manner.

#### Cause:

The Regional Office of Education #20 has not developed proper internal control procedures over the performance of assigned functions to prevent or detect financial statement misstatements in a timely manner.

#### **Recommendation:**

As part of its internal control over the financial reporting, the Regional Office of Education #20 should implement procedures to ensure that the financial statements are completed in a timely manner.

### Management's Response:

Management will assign another existing staff person to assist with certain fiscal responsibilities and with the implementation of a new monthly accounting schedule, accounting personnel should be able to be current in the processing of financial statements.

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

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### SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE

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### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

#### **Corrective Action Plan**

### Finding No. 09-1 - Internal Control over Disbursements and Receipts

#### **Condition:**

During our testing of internal controls we noted that the Regional Superintendent does not review the bank reconciliations once they are completed.

#### **Plan:**

Management now opens the bank statements and reviews them before the accounting staff prepares the bank reconciliations. Management also reviews all bank reconciliations monthly and initials all bank statements and bank reconciliations to confirm that he has reviewed them.

#### Anticipated Date of Completion:

Immediately upon learning of the oversight.

#### Name of Contact Person:

Honorable Mr. Larry Fillingim, Regional Superintendent of Schools

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

### Corrective Action Plan (Continued)

#### Finding No. 09-2 - Internal Control Over Financial Reporting

#### **Condition:**

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some 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 in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

• Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.

### Plan:

Management will assign another existing staff person to assist with certain fiscal responsibilities and with the implementation of a new monthly accounting schedule, accounting personnel should be able to be current in the processing of financial statements.

#### **Anticipated Date of Completion:**

Immediately upon learning of the oversight.

### Name of Contact Person:

Honorable Mr. Larry Fillingim, Regional Superintendent of Schools

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2009

Finding No. Condition

**Current Status** 

There were no prior year findings.

### Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20

### Management's Discussion and Analysis For the years ended June 30, 2009 and 2008

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider this information in conjunction with the ROE's financial statements, which follow.

## **FINANCIAL HIGHLIGHTS**

- General Fund revenues were \$604,292 in fiscal year 2008 and decreased to \$596,540 in fiscal year 2009, while General Fund expenditures were \$672,268 in fiscal year 2008 and increased to \$687,071 in fiscal year 2009.
- The decrease in General Fund revenues was attributable to a decrease in local and state grant funds in fiscal year 2009. The increase in General Fund expenditures for fiscal year 2009 was due primarily to an increase in purchased services, salaries, and benefits.
- Special revenue fund revenues were \$1,908,429 in fiscal year 2008 and decreased to \$1,892,483 in fiscal year 2009, while special revenue fund expenditures were \$1,896,215 in fiscal year 2008 and increased to \$1,990,593 in fiscal year 2009.
- The decrease in revenue from fiscal year 2008 to fiscal year 2009 occurred because of the decrease in local and State sources. The increase in expenditures from fiscal year 2008 to fiscal year 2009 was due primarily to an increase in salaries and benefits.

# **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 the ROE's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the ROE'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 the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.

- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary information further explains and supports the financial statements, and supplementary information provides detailed information about the non-major funds.

### Reporting The Agency As A Whole

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #20 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Office's net assets and how they have changed. Net assets – the difference between the assets and liabilities – are one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

### Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds – not the ROE as a whole. Funds are accounting devices the office uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law or by bond covenants. The Office establishes other funds to control and manage money for particular purposes.

The ROE has one kind of fund:

Governmental funds account for the Regional Office's basic services. These focus on how cash and other financial assets that can readily be converted to cash flow in and out and 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 the ROE's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements. The ROE's governmental funds include: 1) the General Fund and 2) the Special Revenue Funds. Required financial statements including a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances have been presented.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties ROE #20's net assets at June 30, 2009 and 2008 totaled \$280,203 and \$463,107 respectively. The analysis that follows provides a summary of the ROE's net assets at June 30, 2009 and 2008 for its governmental activities.

	Governmen	tal Activities	Business	Activities	Total Primary Governm					
	2008	2009	2008	2009	2008	2009				
Current Assets	\$ 504,782	\$ 363,176	\$ 51,392	\$ 103,093	\$ 556,174	\$ 466,269				
Capital Assets	70,420	59,746	3,739	1,555	74,159	61,301				
Total Assets	575,202	422,922	55,131	104,648	630,333	527,570				
Current Liabilities	98,275	143,718	26,502	59,495	124,777	203,213				
Noncurrent Liabilities	42,449	46,946			42,449	46,946				
Total Liabilities	140,724	190,664	26,502	59,495	167,226	250,159				
Net Assets				r						
Capital Assets net	70,420	59,746	3,739	1,555	74,159	61,301				
Restricted for teacher										
professional development	78,299	48,242	-	-	78,299	48,242				
Unrestricted	285,759	124,270	24,890	43,598	310,649	167,868				
Total Net Assets	\$ 434,478	\$ 232,258	\$ 28,629	\$ 45,153	\$ 463,107	\$ 277,411				

#### Net Assets as of June 30, 2009

The ROE's combined net assets decreased by \$185,696 in FY09 and decreased by \$57,259 in FY08. The decrease occurred primarily as a result of a decrease in federal and state funding and an increase in total expenditures during the years ended June 30, 2009 and 2008.

The following analysis shows the changes in net assets for the years ended June 30, 2009 and 2008.

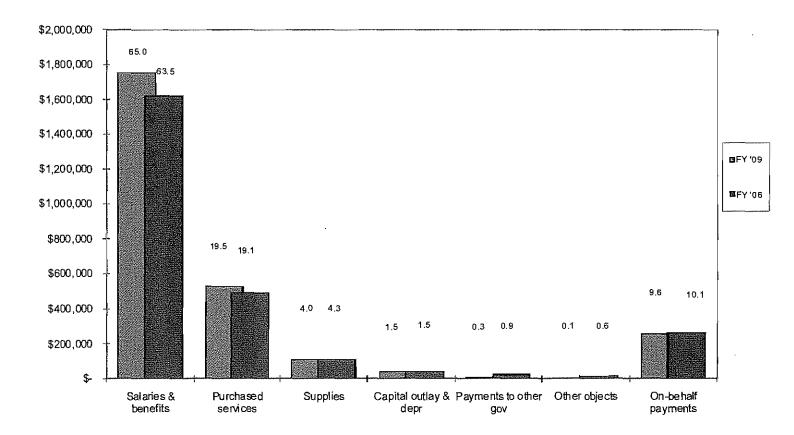
	Governmen 2008	Governmental Activities 2008 2009		Activities 2009	Total Prima 2008	t % Change 2008-2009		
Revenues:	2000	2007	2008	2007	2000	2009	2000 2009	
Program revenues:								
Operating Grants/Contributions	\$1,185,885	\$ 1,684,903	\$-	s -	\$1,185,885	\$ 1,684,903	42.08%	
Charges for Services	· / /	· · · · · ·	139,576	193,237	139,576	193,237	38.45%	
General Revenues:		,						
Local Sources	318,057	304,653		-	318,057	304,653	-4.21%	
State Sources	741,143	171,246	-	-	741,143	171,246	-76.89%	
Federal Sources	-	70,678	-	-	-	70,678	100.00%	
On-Behalf payments - State	259,786	257,543	-	-	259,786	257,543	-0.86%	
Interest	7,850	1,592	890	70	8,740	1,662	-80.98%	
Total Revenues	2,512,721	2,490,615	140,466	193,307	2,653,187	2,683,922	1.16%	
Expenses:								
Instructional services:								
Salaries and benefits	1,618,800	1,749,189	-	_	1,618,800	1,749,189	8.05%	
Purchased services	491,146	526,236	-		491,146	526,236	7.14%	
Supplies and materials	111,203	108,218	-	-	111,203	108,218	-2.68%	
Capital outlay	5,300	7,593		_	5,300	7,593	43.26%	
Payments to other governments	24,218	6,757	· _	_	24,218	6,757	-72.10%	
Other objects	16,673	3,309	-	-	16,673	3,309	-80.15%	
Depreciation	34,154	33,990	-	-	34,154	33,990	-0.48%	
Administrative expenses:	,	·			,	,		
On-behalf payments	259,786	257,543	-	-	259,786	257,543	-0.86%	
Business-type expenses:								
Instructional	-	-	149,166	176,783	149,166	176,783	18.51%	
Total Expenses	2,561,280	2,692,835	149,166	176,783	2,710,446	2,869,618	5.87%	
Increase (Decrease) in Net Assets	(48,559)	(202,220)	(8,700)	16,524	(57,259)	(185,696)		
Net Assets – Beginning	483,037	434,478	37,329	28,629	520,366	463,107	-11.00%	
Net Assets – Ending	\$ 434,478	\$ 232,258	\$ 28,629	<u>\$ 45,153</u>	\$ 463,107	<u>\$ 277,411</u>	_40.10%	

The following analysis compares total revenues for the years ended June 30:

	2008	2009
Total program revenues	\$ 1,325,461	\$ 1,878,140
Total general revenues	1,327,726	805,782
Total revenues	\$2,653,187	\$ 2,683,922

Operating grants and contributions from local, state, and federal sources account for a majority of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 91% of the total expenses.

#### Instructional Services



### **Governmental Activities**

The analysis of changes in net assets reflects a decrease of \$202,220 in FY09 and a decrease of \$48,559 in FY08.

## FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

As previously noted, ROE #20 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Office's governmental funds reported combined fund balances of \$219,458 in FY09 and \$406,507 in FY08. The primary reason for the decrease in combined fund balance in FY09 was due to increase in salaries, benefits, and purchased services, and decrease in state funding.

### Governmental Fund Highlights

- The General Fund balance was \$200,115 in FY08 and decreased to \$109,948 in FY09. The decrease was attributable to an increase in spent funds.
- The Education Fund balance was \$88,885 in FY08 and decreased to \$37,773 in FY09. The decrease in FY09 was attributable, in part, to the decrease in revenues from state sources, and an increase in salaries and benefits.
- The Institute Fund balance was \$78,299 in FY08 and decreased to \$48,242 in FY09. This decrease in FY09 was attributable to increased expenditures.

## **BUDGETARY HIGHLIGHTS**

The ROE #20 annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the ROE #20 amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and state sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the ROE's actual financial activity is included in the supplementary information section of this report.

### CAPITAL ASSETS

Capital assets of the Regional Office of Education #20 include office equipment, computers, audiovisual equipment, and office furniture. The Regional Office of Education #20 maintains an inventory of capital assets, which have been accumulated over time. The decrease for FY09 was \$12,858 and came as a result of less grant money available to purchase equipment. More detailed information about capital assets is available in the notes to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the Regional Office was aware of the following existing circumstances that could significantly affect its financial health in the future:

- A decrease is expected in the number of students being served by the local school districts.
- Funding for FY10 is expected to be comparable to FY09. Due to the economic condition of the State of Illinois, funding payments have been delayed on state grants.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Regional Offices' citizens, taxpayers, and customers with a general overview of the finances and to demonstrate the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent of the Regional Office of Education #20, 512 North Main Street, Harrisburg, Illinois 62946.

# BASIC FINANCIAL STATEMENTS

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 STATEMENT OF NET ASSETS JUNE 30, 2009

	Primary Government								
	Current Year								
	Go	vernmental	Bus	iness-Type					
	A	Activities	A	ctivities		Total			
ASSETS									
Current Assets:									
Cash and cash equivalents	\$	352,677	\$	42,272	\$	394,949			
Receivables, other		-		23,256		23,256			
Due (to) from other funds		(37,565)		37,565		-			
Due from other governments:									
Local		16,263		-		16,263			
State		22,507		-		22,507			
Federal		9,294		-		9,294			
Total Current Assets		363,176		103,093		466,269			
Noncurrent Assets:									
Capital assets, being depreciated, net		59,746		1,555		61,301			
Total Noncurrent Assets		59,746		1,555		61,301			
TOTAL ASSETS		422,922		104,648		527,570			
LIABILITIES									
Current Liabilities:									
Accounts payable		28,985		43,495		72,480			
Salaries and benefits payable		48,390		16,000		64,390			
Due to other funds		-		-		_			
Due to other governments:									
Local		-		-		-			
Deferred revenue		66,343		-		66,343			
Total Current Liabilities		143,718		59,495		203,213			
Noncurrent Liabilities:									
Liability for compensated absences		46,946		-		46,946			
Total Noncurrent Liabilities		46,946		-		46,946			
TOTAL LIABILITIES		190,664		59,495		250,159			
NET ASSETS									
Invested in capital assets		59,746		1,555		61,301			
Restricted for teacher professional development		48,242		_		48,242			
Unrestricted		124,270		43,598		167,868			
TOTAL NET ASSETS	\$	232,258	\$	45,153	\$	277,411			

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

				Progra	ım Re	evenues	Net (Expense) Revenue and Changes in Net Assets							
					_	Operating	Primary Government							
			Cha	rges for	(	Grants and	Go	overnmental	Busi	iness-Typ	е			
FUNCTIONS/PROGRAMS		Expenses	Se	rvices	C	ontributions	Activities		Activities			Total		
Primary Government:								`						
Governmental Activities:														
Instructional Services:														
Salaries and benefits	\$	1,749,189	\$	-	\$	1,263,649	\$	(485,540)	\$	-	\$	(485,540)		
Purchased services		526,236		-		346,588		(179,648)		-		(179,648)		
Supplies and materials		108,218		-		37,119		(71,099)		-		(71,099)		
Other objects		3,309		-		4		(3,305)		-		(3,305)		
Depreciation		33,990		-		-		(33,990)		-		(33,990)		
Capital outlay		7,593		-		30,909		23,316		-		23,316		
Payments to other governments		6,757		-		6,634		(123)		-		(123)		
Administrative:		,				·						( <i>, ,</i>		
On-behalf payments - State		257,543		-		-		(257,543)		-		(257,543)		
Total Governmental Activities	•••••	2,692,835				1,684,903	·	(1,007,932)		-		(1,007,932)		
Business-type Activities:								<u> </u>				· · · · · ·		
Other		176,783	1	93,237		-		-		16,454		16,454		
Total Business-type Activities		176,783		93,237		-		_		16,454		16,454		
• •														
TOTAL PRIMARY GOVERNMENT	\$	2,869,618	<u>\$1</u>	93,237	\$	1,684,903		(1,007,932)		16,454		(991,478)		
	GEN	IERAL REVE	NUE	S:										
	L	ocal sources						304,653		-		304,653		
	S	tate sources						171,246		-		171,246		
	F	ederal sources						70,678		-		70,678		
	C	n-behalf paym	ients	- State				257,543		-		257,543		
	IJ	vestment earn	ings					1,592		70		1,662		
		Total General	Reve	nues				805,712		70		805,782		
	CH	IANGE IN NE	ET AS	SSETS				(202,220)		16,524		(185,696)		
	NET	ASSETS - BI	EGIN	NING				434,478		28,629		463,107		
NET ASSETS - ENDING							\$	232,258	\$	45,153	\$	277,411		

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

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#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

	 General Fund	Education Fund	I	nstitute Harrisburg FundProject			Other omnajor Funds	Eliminations		Go	Total vemmental Funds	
ASSETS		<b>•</b> • • • • • • •	~									
Cash and cash equivalents	\$ 109,764	\$ 157,027	\$	54,120	\$	19,383	\$	12,383	\$	-	\$	352,677
Due from other funds	30,075	11,572		-		-		*		(41,647)		-
Due from other governments:												-
Local	14,263	1,600		-		400		-		-		16,263
State	2,234	16,667		-		-		3,606				22,507
Federal	 	9,294		-				-		-		9,294
TOTAL ASSETS	\$ 156,336	\$ 196,160		54,120	\$	19,783	_\$	15,989	\$	(41,647)		400,741
LIABILITIES AND FUND BALANCES Liabilities:												
Accounts payable	\$ 1,095	\$ 14,263	\$	1,426	\$	10,379	\$	1,822	\$	-	\$	28,985
Salaries and benefits payable	959	47,355		-				76		-		48,390
Due to other funds	44,334	30,426		4,452		-				(41,647)		37,565
Deferred revenue	 -	66,343		-		•						66,343
TOTAL LIABILITIES	 46,388	158,387		5,878		10,379	·	1,898		(41,647)		181,283
Fund Balances:												
Unreserved, reported in:												
General fund	109,948	-		-		-				-		109,948
Special revenue funds	-	37,773		48,242		9,404		14,091		-		109,510
Total Fund Balances	 109,948	37,773		48,242		9,404		14,091		-		219,458
TOTAL LIABILITIES AND												
FUND BALANCES	\$ 156,336	\$ 196,160	\$	54,120	\$	19,783	\$	15,989	\$	(41,647)	\$	400,741

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 219,458
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Long-term liabilities, including compensated absences, are not and payable in the current period and, therefore, are not reported in the funds.	(46,946)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	 59,746
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 232,258

#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	l	General	Education		Harrisburg	Other Nonmajor	Total Governmental Funds
REVENUES		Fund	Fund	Fund	Project	Funds	Funds
Local sources	\$	259,763	\$ 4,10	5 \$ 15,682	\$ 12,620	\$ 12,483	\$ 304,653
State sources		79,234	554,35		735,000	14,183	1,382,768
Federal sources		-	544,05		-	-	544,059
On-behalf payments - State		257,543	-	-	-	-	257,543
Total Revenues		596,540	1,102,51	5 15,682	747,620	26,666	2,489,023
EXPENDITURES							
Instructional Services		•					
Salaries and benefits		342,202	743,72	5,232	645,753	7,785	1,744,692
Purchased services		70,103	321,84	5 33,287	87,769	13,232	526,236
Supplies and materials		14,713	69,53	3,358	18,373	2,235	108,218
Other objects		540	10	5 -	-	2,663	3,309
Payments to other governments		-	6,75	7 -	-	-	6,757
On-behalf payments - State		257,543	-	-	-	-	257,543
Capital outlay		1,970	11,91				30,909
Total Expenditures		687,071	1,153,884	46,645	764,149	25,915	2,677,664
EXCESS (DEFICIENCY) OF REVENUES							
OVER EXPENDITURES		(90,531)	(51,36	(30,963)	) (16,529)	751	(188,641)
OTHER FINANCING SOURCES (USES)							
Interest		364	25'	7 906	59	6	1,592
Total Other Financing Sources (Uses)		364	25	7 906	59	6	1,592
NET CHANGE IN FUND BALANCES		(90,167)	(51,11	2) (30,057)	) (16,470)	757	(187,049)
FUND BALANCES - BEGINNING		200,115	88,88	5 78,299	25,874	13,334	406,507
FUND BALANCES - ENDING	\$	109,948	\$ 37,77	3 \$48,242	\$ 9,404	\$ 14,091	\$ 219,458

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

NET CHANGE IN FUND BALANCES	\$ (187,049)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay Depreciation expense	\$23,316 (33,990) (10,674)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(4,497)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (202,220)

# EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 STATEMENT OF NET ASSETS PROPRIETARY FUND JUNE 30, 2009

	Business-Type			
	Activities -			
	Enter	prise Fund		
	Local			
	Wo	orkshops	Totals	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	42,272	\$	42,272
Receivables, other		23,256		23,256
Due from other funds		41,933		41,933
Total Current Assets		107,461		107,461
Noncurrent Assets:				
Capital assets, net of accumulated				
depreciation, where applicable:				
Equipment, net				
Capital assets, net		1,555		1,555
Total Noncurrent Assets		1,555		1,555
TOTAL ASSETS		109,016	-	109,016
LIABILITIES				
Current Liabilities:				
Accounts Payable		43,495		43,495
Salaries and benefits payable		16,000		16,000
Due to other funds		4,368		4,368
TOTAL LIABILITIES		63,863		63,863
NET ASSETS				
Invested in capital assets		1,555		1,555
Unrestricted		43,598		43,598
TOTAL NET ASSETS	\$	45,153		45,153

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Fund Local	
	Workshops	Totals
OPERATING REVENUES		
Local sources	\$ 193,237	\$ 193,237
Total Operating Revenues	193,237	193,237
Total Operating Revenues		
OPERATING EXPENSES		
Salaries and benefits	19,089	19,089
Purchased services	138,410	138,410
Supplies and materials	15,300	15,300
Depreciation	2,184	2,184
Payments to other governments	1,800	1,800
Total Operating Expenses	176,783	176,783
OPERATING INCOME (LOSS)	16,454	16,454
OF ERATING INCOME (E055)		
NONOPERATING REVENUE		
Interest	70	70
Total Nonoperating Revenue	70	70
CHANGE IN NET ASSETS	16,524	16,524
TOTAL NET ASSETS - BEGINNING	28,629	28,629
TOTAL NET ASSETS - ENDING	\$ 45,153	\$ 45,153

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

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Fund Local Workshops	Totals
CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers	\$ 172,231	\$ 172,23 I
Payments to suppliers and providers of goods and services	(136,517)	(136,517)
Payments to employees	(190,917)	(5,089)
Net Cash Used for Operating Activities	30,625	30,625
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest	70	70
Net Cash Provided by Investing Activities	70	70
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Change in due from funds	(41,933)	(41,933)
Change in due to funds	4,368	4,368
Net Cash Provided By Noncapital Financing Activities	(37,565)	(37,565)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,870)	(6,870)
CASH AND CASH EQUIVALENTS - BEGINNING	49,142	49,142
CASH AND CASH EQUIVALENTS - ENDING	\$ 42,272	\$ 42,272
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 16,454	\$ 16,454
Adjustments to reconcile operating income (loss) to		
net cash provided by (used for) operating activities:		
Depreciation	2,184	2,184
Change in assets and liabilities:		
Decrease in accounts payable	18,993	18,993
Decrease in salaries and benefits payable	14,000	14,000
(Increase) in due from other governments	(21,006)	(21,006)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 30,625	\$ 30,625

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

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2009, the Regional Office of Education #20 implemented 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 #20 implemented these standards during the current year; however, GASB No. 49, 52, 55, and 56 had no impact on the financial statements.

#### A. FINANCIAL REPORTING ENTITY

The Regional Office of Education #20 was created August 8, 1995, upon the consolidation of Education Service Region #20 and Education Service Region #23. Education Service Region #20 consisted of Edwards, Wabash, Wayne, and White Counties while Region #23 consisted of Gallatin, Hardin, Pope, and Saline Counties.

The Regional Superintendent of Schools is the chief administrative officer of the Region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

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

#### <u>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

#### B. SCOPE OF THE REPORTING ENTITY

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is not aware of any entity, which would exercise such oversight as to result in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 being considered a component unit of the entity.

#### C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and Federal grants and other intergovernmental revenues. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has one business-type activity that relies on fees and charges for support.

### <u>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

### C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

### <u>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

## D. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

### E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### F. 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 grantor have been met.

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, momies must be expended on the specific purpose or project before any amounts will be paid to the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20; therefore, revenues are recognized based upon the expenditures recorded. In the other, momies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board.

Under the provision of GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

Under the terms of grant agreements, Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

#### G. FUND ACCOUNTING

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses governmental, and proprietary funds.

#### GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Edwards, Hardin,

#### <u>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

#### GOVERNMENTAL FUNDS (Continued)

\$ 5

Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has presented all major funds that met the above qualifications. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following major governmental funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

- Clearing This fund operates as an imprest account. Money is transferred from various funds and the expenditures appear within the fund in which the cost was incurred.
- Payroll This fund is utilized for processing payroll. Money is transferred from various funds and the salary expenses appear within the fund in which the salary cost was incurred.
- ROE/ISC Operations This fund accounts for grant monies received and expended for general and administrative expenses.
- General Budget This fund is used for the general operation of the Regional Office and to cover expenses that are not paid for by other funds.

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

- Education The Education Fund includes proceeds for various grants supporting education enhancement programs as follows:
  - ROE/ISC Technology This fund accounts for grant monies received and expended for implementing regional-based computer software and providing on-going support of that software.

#### <u>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

#### GOVERNMENTAL FUNDS (Continued)

- Workforce Investment Act This fund accounts for grant monies received and expended to prepare youth for entry into the labor force and to afford job training to those economically disadvantaged youth facing serious barriers to employment, who are in special need of such training to obtain productive employment.
- Standards-Aligned Classroom This fund accounts for grant monies received and expended for creating and supporting learning teams that are focused on alignment of classroom level assessment and instruction.
- Federal Special Education Pre-School Discretionary This fund is used to account for the federal grant which promotes increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.
- Regional Safe Schools This fund is used to account for the Regional Safe Schools grant monies. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #20.
- Safe Schools State Aid To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Safe School.
- Safe Schools Federal Aid To account for Federal Aid passed through, and received from, the Illinois State Board of Education based on the average daily attendance at the Safe School.
- System of Support To provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely.
- Truants Alternative/Optional Education This fund accounts for the proceeds from State grants expended under a program to reduce student truancy.
- Truants Alternative General State Aid These funds are used to account for the administration of monies to be used for the General State Aid Program.

#### <u>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</u>

#### GOVERNMENTAL FUNDS (Continued)

- Truants Alternative Federal Aid These funds are used to account for the administration of monies to be used for the Federal Aid.
- McKinney Education For Homeless Children This fund is used to account for grant monies received and expended for assisting school districts in identifying and providing assistance to at-risk students.
- Federal Lunch To account for monies received from federal funds for reimbursement for meals through the school lunch program at the regular price as well as reimbursement of free and reduced-priced meals for students enrolled in the Regional Safe Schools Program.
- State Lunch To account for State monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.
- Federal Forest Reserve To account for federal flow-through grant monies for school districts with land in the Shawnee National Forest.
- Federal Breakfast To account for federal monies received to provide breakfast meals meeting federal requirements to all children in attendance at the Regional Safe School Program.
- Institute This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.
- Harrisburg Project This fund is used to account for the contract that creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## GOVERNMENTAL FUNDS (Concluded)

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following nonmajor governmental funds:

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

- General Education Development To account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.
- Bus Driver Transportation (formerly Bus Driver) This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.
- Supervisory This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.
- Safe Schools-Healthy Students Initiative This fund is used to account for monies received and expended for the development of community-wide approaches to creating safe and drug free schools and promoting healthy childhood development.

## PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 are reported.

Local Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

## H. NET ASSETS

Equity is classified as net assets and displayed in three components:

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### H. NET ASSETS (Concluded)

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

## I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### J. INVENTORY

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

## K. CAPITAL ASSETS

Capital assets purchased or acquired, with an original cost of \$1,000 or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5 - 10 years
Computer Equipment	3 - 5 years
Building Improvements	10 - 20 years

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

#### L. COMPENSATED ABSENCES

Employees of the Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as when an employee retires or resigns. Accrued but unused vacation time in the amount of \$46,946 is included on the government-wide financial statements at June 30, 2009.

Sick leave accumulates as far as time available but is not reimbursable to employees upon termination. Therefore, no accruals or reserves have been established.

### M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### N. BUDGET INFORMATION

The Regional Office of Education #20 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Federal Special Education – Pre-School Discretionary, Regional Safe Schools, and Truants Alternative/Optional Education.

#### NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

## NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

### A. DEPOSITS

At June 30, 2009, the carrying amount of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide deposits were \$394,949, and the bank balances were \$486,881. Of the total bank balances as of June 30, 2009, \$250,000 was secured by federal depository insurance and \$230,340 was collateralized by securities pledged by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's financial institution in the name of the Regional Office.

## B. INVESTMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2009, the Regional Office of Education #20 had investments with carrying and fair values of \$6,541 invested in the Illinois Funds Money Market Fund.

### CREDIT RISK

At June 30, 2009, the Illinois Funds Money Market Fund had a Standard and Poor's AAA rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

#### INTEREST RATE RISK

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

#### NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

#### B. **INVESTMENTS** (Concluded)

#### CONCENTRATION OF CREDIT RISK

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

### NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #20'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 #20's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

**Funding Policy.** As set by statute, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 10.66 percent of annual covered payroll. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's annual pension cost of \$92,929 was equal to the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's required and actual contributions.

#### NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

#### A. TREND INFORMATION

Actuarial	Annual	Percentage	Net
Valuation	Pension	of APC	Pension
Date	Cost (APC)	<u>Contribution</u>	<b>Obligation</b>
12/31/08	.92,929	100%	\$Ô
12/31/07	.84,731	100%	0
12/31/06	93,008	100%	0

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of assets. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at 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 84.02 percent funded. The actuarial accrued liability for benefits was \$1,905,538 and the actuarial value of assets was \$1,601,128, resulting in an underfunded actuarial accrued liability (UAAL) of \$304,410. The covered payroll (annual payroll of active employees covered by the plan) was \$870,064 and the ratio of the UAAL to the covered payroll was 35 percent.

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

### NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 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 non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2009, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2008 and 2007. In addition, virtually all 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's TRS-covered employees.

**On behalf contributions**. The State of Illinois makes employer pension contributions on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. For the year ended June 30, 2009, State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of \$58,204 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 (\$55,017) and 9.78 percent (\$40,276), respectively. The state contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The state contributions to TRS for the year ended June 30, 2007 was based on dollar amounts specified by the statute and was not actuarially determined.

#### NOTE 4 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes other types of employer contributions directly to TRS.

**2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2009 were \$2,223. Contributions for the years ending June 30, 2008 and June 30, 2007, were \$2,433 and \$2,388, respectively.

• Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, there is a statutory requirement for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer pension contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2009 salaries totaling \$42,489 were paid from federal and special trust funds that required employer contributions of \$7,257. For the years ended June 30, 2008 and June 30, 2007, required Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 contributions were \$16,517 and \$12,833, respectively.

**Early Retirement Option**. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 for the Pipeline ERO).

#### NOTE 4 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2008 and June 30, 2007, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer ERO contributions.

• Salary increases over 6 percent and excess sick leave. Public Act 94-0004 added two new employer contributions to TRS. If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent. For the year ended June 30, 2009, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions due on salary increases in excess of 6 percent.

If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 year ended June 30, 2009, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions granted for sick leave days.

### NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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 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, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

### NOTE 5 -- INTERFUND ACTIVITY

### DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2009 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

Fund	Due From Other Funds	Due To <u>Other Funds</u>
Education Fund Proprietary Fund Institute Fund General Fund	\$ 11,572 41,933 	\$ 30,426 4,368 4,452 <u>44,334</u>
Totals	<u>\$ 83,580</u>	<u>\$ 83,580</u>

## NOTE 6 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2009:

## NOTE 6 – CAPITAL ASSET ACTIVITY (Concluded):

		Balance	T_	Deer			Balance	
Governmental Activities:	<u></u>	y 1, 2008	Increases		Decreases		Jun	e 30, 2009
Capital Assets being depreciated:	\$	5 1 97	\$		\$		\$	5,187
Improvements other than buildings	Ð	5,187		-	4	-	Ъ	265,394
Machinery and equipment		282,895		23,316	<u> </u>	0,817)		· · · ·
Total capital assets being depreciated		288,082		23,316	(4)	0,817)	<u> </u>	270,581
Less accumulated depreciation for:		C 107						c 197
Improvements other than buildings		5,187		-	ć.	-		5,187
Machinery and equipment		212,475	33,990		(40,817)		·	205,648
Total accumulated depreciation		217,662		33,990	(4	0,817)		210,835
Governmental activities capital assets, net	\$	70,420	\$	(10,674)	\$	-	\$	59,746
	E	Balance					J	Balance
	Jul	y 1, 2008	Additions		Dele	tions	Jun	e 30, 2009
Business-type Activities:								
Capital Assets being depreciated:								
Improvements other than buildings	\$	2,182	\$	-	\$	-	\$	2,182
Machinery and equipment		55,740		-		-		55,740
Total capital assets being depreciated		57,922		-			t	57,922
Less accumulated depreciation for:								
Improvements other than buildings		1,745		218		_		1,963
Machinery and equipment		52,438		1,966		-		54,404
Total accumulated depreciation		54,183		2,184		-		56,367
Business-type activities capital assets, net	\$	3,739	\$	(2,184)	\$	-	\$	1,555

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2009 of \$33,990 and \$2,184 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

#### NOTE 7 – RISK MANAGEMENT

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

### NOTE 8 – OPERATING LEASE

The Regional Office of Education #20 leases its office facilities. The lease term is from January 1, 2008 to June 30, 2011. The monthly rental payments under the lease are \$2,860 per month for the first five months and \$3,160 per month the following months with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

In addition, the Regional Office of Education #20 subleases a portion of their facilities to Pre-School Discretionary and Harrisburg Project. Sublease income was \$25,478 for the year ended June 30, 2009.

The Regional Office of Education #20 leases office space for an Alternative School in Harrisburg, Illinois. The lease term is from January 1, 2008 through June 30, 2011. The monthly rental payments under the lease are \$1,550 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

The Regional Office leases office space for an Alternative School in Mill Shoals, Illinois from the Village of Mill Shoals. The lease term is from July 1, 2008 to June 30, 2009. The monthly rental payments are \$382 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

During the year ended June 30, 2009, rentals under lease obligations were \$61,104.

Future minimum rentals for the years ending June 30 are:

Years Ending		
June 30,		Amount
2010	,	\$ 56,520
2011		\$ 56,520

### NOTE 9 - ON BEHALF PAYMENTS

The State of Illinois paid the following salaries and benefits on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20:

Regional Superintendent Salary	\$ 96,435
Assistant Regional Superintendent Salary	80,216
Regional Superintendent Fringe Benefit	19,018
(Includes State paid insurance)	
Assistant Regional Superintendent Fringe Benefit	3,670
(Includes State paid insurance)	
TRS Pension contributions	58,204
Total	<u>\$ 257,543</u>

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

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

### NOTE 10 - DUE TO/FROM OTHER GOVERNMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's General Fund, Proprietary Fund, and various grant programs have funds due from various other governmental units which consist of the following:

Due From Other Governments:

Education Fund		
Illinois State Board of Education	\$	16,667
Federal Government		9,294
Local Governments		1,600
Other Nonmajor Funds		
State Governments		3,606
General Funds		
Illinois State Board of Education		2,234
Local Governments		14,263
Harrisburg Project		
Local Governments		400
Total	<u>\$</u>	48,064

### NOTE 11 - SUBSEQUENT EVENTS

On November 17, 2009 the Regional Office of Education #20 obtained a line of credit under which they are able to borrow up to \$77,500 at a rate of 4.750 percent. The outstanding balance on this line of credit as of the date of this report is \$77,500. This line of credit agreement expires on November 15, 2010.

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

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

#### JUNE 30, 2009

	Actuarial Actuarial Accrued								UAAL as a
Actuarial		Value of	Liability (AAL) AAL Fund		Funded	Covered	Percentage of		
Valuation		Assets E		intry Age	(	UAAL)	Ratio	Payroll	Covered Payroll
Date		(a)		(b)		(b-a)	<u>(</u> a/b)	(c)	(_(b-a)/c )
12/31/08	\$	1,601,128	\$	1,905,538	\$	304,410	84.02%	\$ 870,064	34.99%
12/31/07		1,791,283		1,856,826		65,543	96.47%	825,836	7.94%
12/31/06		1,594,179		1,696,194		102,015	93.99%	788,200	12.94%

On a market value basis, the actuarial value of assets as of December 31, 2008 is 1,163,225. On a market basis, the funded ratio would be 61.04%.

#### \* Digest of changes

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

## OTHER SUPPLEMENTAL INFORMATION

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF ACCOUNTS GENERAL FUND JUNE 30, 2009

				_ "		General		DE/ISC	_	
	Cl	learing	Payroll		Budget		Operations		TOTALS	
ASSETS										
Cash and cash equivalents	\$	2,349	\$	2,284	\$	105,031	\$	100	\$	109,764
Due from other funds		41		-		30,034		-		30,075
Due from other governments										
Local		-		-		14,263		-		14,263
State		-						2,234		2,234
TOTAL ASSETS		2,390	\$	2,284	\$	149,328	\$	2,334	\$	156,336
LIABILITIES										
Accounts payable	\$	-	\$	-	\$	1,095	\$	-	\$	1,095
Accrued payroll		-		-		959		-		959
Due to other funds		2,000		-		40,000		2,334		44,334
TOTAL LIABILITIES		2,000		-		42,054		2,334		46,388
FUND BALANCES										
Unreserved		390		2,284		107,274				109,948
TOTAL LIABILITIES AND FUND BALANCES	\$	2,390	\$	2,284	\$	149,328	\$	2,334	\$	156,336

#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES

### REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2009

					General		ROE/ISC		_	
	Clearing		Payroll		Budget		Operations		T	OTALS
REVENUES	n		٩		¢	0.50 5(2	Ċ,		Ð	050 7/2
Local sources	\$	-	\$	-	\$	259,763	\$	-	\$	259,763
State sources		-		-		-		79,234		79,234
On-behalf payments -State	•	-				257,543		-		257,543
Total Revenues		-		-		517,306		79,234		596,540
EXPENDITURES										
Salaries and benefits		-		-		282,412		59,790		342,202
Purchased services		-		211		55,711		14,181		70,103
Supplies and materials		-		-		11,419		3,294		14,713
Other objects		-		-		540		-		540
Capital outlay		-		-		-		1,970		1,970
On-behalf payments - State				-		257,543		-		257,543
Total Expenditures		-		211		607,625		79,235		687,071
EXCESS (DEFICIENCY) OF REVENUES										
OVER EXPENDITURES		-		(211)		(90,319)		(1)		(90,531)
OTHER FINANCING SOURSES (USES)										
Interest		12		25		326		1		364
Total Other Financing Sources (Uses)		12		25		326		1.		364
NET CHANGE IN FUND BALANCES		12		(186)		(89,993)		-		(90,167)
FUND BALANCES - BEGINNING		378		2,470		197,267		<del></del>		200,115
FUND BALANCES - ENDING		390	\$	2,284	\$	107,274	\$	_	\$	109,948

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 GENERAL FUND ACCOUNTS ROE/ISC OPERATIONS FOR THE YEAR ENDED JUNE 30, 2009

•

		Budgeted	1 Am	ounts	1	Actual
	C	Driginal		Final	Α	mounts
REVENUES						
State sources	\$	79,234	\$	79,234	\$	79,234
Total revenues		79,234		79,234		79,234
EXPENDITURES						
Salaries and benefits		60,143		59,677		59,790
Purchased services		12,297		13,882		14,181
Supplies and materials		4,800		2,500		3,294
Capital outlay		1,994		3,175		1,970
Total Expenditures		79,234		79,234		79,235
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES				_		(1)
OTHER FINANCING SOURCES (USES)						
Interest		-		-		1
Total Other Financing Sources (Uses)						1
NET CHANGE IN FUND BALANCE		-		-		-
FUND BALANCE - BEGINNING		-				
FUND BALANCE - ENDING	\$		\$		\$	_

#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF ACCOUNTS EDUCATION FUND JUNE 30, 2009

							ederal pecial				
	RO	E/ISC	orkforce vestment		ndards- ligned	Ed	ucation - -School	Re	egional Safe	Saf	e Schools
	Tech	nology	 Act	Cla	ssroom	Disc	retionary	S	chools	S	tate Aid
ASSETS											
Cash and cash equivalents	\$	52	\$ 10,578	\$	-	\$	64,988	\$	1,000	\$	28,290
Due from other funds		-	-		-		-		-		6,204
Due from other governments											
Local		-	-		-		-		-		800
State		-	-		-		-		5,204		-
Federal		-	 -				-				-
TOTAL ASSETS	\$	52	\$ 10,578	\$		\$	64,988	\$	6,204	\$	35,294
LIABILITIES AND FUND BALANCE											
LIABILITIES											
Accounts payable	\$	52	\$ 7,837	\$	-	\$	450	\$	-	\$	2,690
Accrued payroll and employee benefits		-	-		-		-		-		651
Due to other funds		-	2,741		-		-		6,204		1,933
Deferred revenue		-	 ~				64,538				-
TOTAL LIABILITIES		52	 10,578		-		64,988		6,204		5,274
FUND BALANCES											
Unreserved		-	-		-		-		-		30,020
Total Fund Balances		-							-		30,020
TOTAL LIABILITIES AND											
FUND BALANCES	\$	52	\$ 10,578	\$		\$	64,988	\$	6,204	\$	35,294

#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF ACCOUNTS EDUCATION FUND JUNE 30, 2009

	e Schools deral Aid	•	stem of upport	Alt O	Fruants ernative/ Optional fucation	Alt	Truants ternative en. State Aid	Alt	ruants emative Sederal Aid	Ed for H	Kinney lucation Homeless hildren
ASSETS											
Cash and cash equivalents	\$ 19,595	\$	176	\$	1,000	\$	20,437	\$	4,360	\$	6,551
Due from other funds	-		-		-		5,368		-		-
Due from other governments											
Local	-		-		-		800		-		-
State	-		-		11,348		-		-		-
Federal	 -		7,638				-		-		1,600
TOTAL ASSETS	\$ 19,595	\$	7,814	\$	12,348	\$	26,605	\$	4,360	\$	8,151
LIABILITIES AND FUND BALANCE											
LIABILITIES											
Accounts payable	\$ 114	\$	2,208	\$	-	\$	263	\$	298	\$	351
Accrued payroll and employee benefits	1 <b>9,</b> 481		5,572		-		18,589		3,062		-
Due to other funds	-		-		12,348		-		1,000		6,200
Deferred revenue	 -		34		-		-		-		1,600
TOTAL LIABILITIES	 19,595		7,814		12,348		18,852		4,360		8,151
FUND BALANCES											
Unreserved	-		-		-		7,753		-		-
Total Fund Balances	-		-		-		7,753		-		+
TOTAL LIABILITIES AND	10 505				10.015	•	26.605			•	0.161
FUND BALANCES	\$ 19,595	\$	7,814	\$	12,348	\$	26,605	\$	4,360	\$	8,151

#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF ACCOUNTS EDUCATION FUND JUNE 30, 2009

		deral unch		State Lunch		F	ederal orest serve		ederal eakfast		TOTAL
ASSETS	-					_					
Cash and cash equivalents	\$	-	\$		-	\$	-	\$	-	\$	157,027
Due from other funds		-			-		-		-		11,572
Due from other governments											
Local		-			-		-		-		1,600
State		-			115		-		-		16,667
Federal		56			-		*		-	_	9,294
TOTAL ASSETS	\$	56	\$		115	\$	-	\$	۹		196,160
LIABILITIES AND FUND BALANCE											
LIABILITIES											
Accounts payable	\$	-	\$		-	\$	-	\$	-	\$	14,263
Accrued payroll and employee benefits		-			-		-		-		47,355
Due to other funds		-			-		-		-		30,426
Deferred revenue		56			115		-		-		66,343
TOTAL LIABILITIES		56			115		-		-		158,387
FUND BALANCES											
Unreserved		-			-		-		-		37,773
Total Fund Balances		-			-		-		-		37,773
TOTAL LIABILITIES AND	0	57	•		.16	•		<u>^</u>			106 160
FUND BALANCES	\$	56	\$		115		-		-		196,160

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### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES EDUCATION FUND ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2009

V-d----

							F	ederal				
							S	pecial				
			Work	force	Star	ndards-	Edu	cation -				
	RO	E/ISC	Invest	tment	Al	igned	Pre	-school	Reg	ional Safe	Safe	e Schools
	Tech	nology	A	ct	Cla	ssroom	Disc	retionary		Schools	St	ate Aid
REVENUES												
Local sources	\$	-	\$	-	\$	-	\$	-	\$	-	\$	500
State sources		7,500		-		-		-		152,555		89,870
Federal sources		-		40,500		4,500		356,254		-		-
Total Revenue		7,500		40,500		4,500		356,254		152,555		90,370
EXPENDITURES												
Salaries and benefits		7,439	2	26,760		3,364		157,437		140,578		47,156
Purchased services		61	1	12,333		193		193,589		6,636		32,398
Supplies and materials		-		1,407		73		5,286		-		25,659
Other objects		-		-		-		-		-		102
Capital outlay		-		-		-		-		5,351		420
Payments to other governments		-		-		2,591		-		-		-
Total Expenditures		7,500		40,500		6,221		356,312		152,565		105,735
EXCESS (DEFICIENCY) OF REVENUES												
OVER EXPENDITURES		-		-		(1,721)		(58)		(10)		(15,365)
OTHER FINANCING SOURCES (USES)												
Interest		-		-		-		58		10		155
Total Other Financing Sources (Uses)		-		-		-		58		10		155
NET CHANGE IN FUND BALANCES		-				(1,721)		-		-		(15,210)
FUND BALANCES - BEGINNING		-		-		1,721		-		-		45,230
FUND BALANCES - ENDING	\$	-	\$	-	\$	-	\$	*	\$		\$	30,020

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES EDUCATION FUND ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	Al Safe Schools System of C Federal Aid Support E		Truants Alternative/ Optional Education		Fruants ernative / en. State Aid			Ed for H	Kinney ucation Homeless nildren			
REVENUES												
Local sources	\$	-	\$	-	\$	-	\$	3,605	\$	-	\$	-
State sources		-		-		154,348		149,201		-		-
Federal sources		26,569		39,360		-		-		44,109		15,216
Total Revenue		26,569		39,360		154,348		152,806		44,109		15,216
EXPENDITURES												
Salaries and benefits		25,124		31,388		143,407		114,742		43,099		3,226
Purchased services		119		5,524		10,946		38,404		337		4,743
Supplies and materials		1,326		126		-		27,742		673		7,247
Other objects		-		-		-		-		-		4
Capital outlay		-		-		-		6,146		-		-
Payments to other governments		-		2,300		-		-		-		-
Total Expenditures		26,569		39,338		154,353		187,034		44,109		15,220
EXCESS (DEFICIENCY) OF REVENUES												
OVER EXPENDITURES		-		22		(5)		(34,228)		-		(4)
OTHER FINANCING SOURCES (USES)												
Interest		-		-		5		25		-		4
Total Other Financing Sources (Uses)		-		-		5		25		-		4
NET CHANGE IN FUND BALANCES		-		22				(34,203)				-
FUND BALANCES - BEGINNING		-		(22)		**		41,956		-		
FUND BALANCES - ENDING	\$	-	<u> </u>	-	\$	·	\$	7,753	\$	-	\$	-

### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES EDUCATION FUND ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2009

					Federal				
	Fe	deral	S	tate	Forest		Federal		
	L	unch	L	ınch	 Reserve	E	Breakfast	1	OTAL
REVENUES									
Local sources	\$	-	\$	-	\$ -	\$	-	\$	4,105
State sources		-		877	-		-		554,351
Federal sources		11,154		-	 1,866		4,531		544,059
Total Revenue		11,154		877	 1,866		4,531		1,102,515
EXPENDITURES									
Salaries and benefits		-		-	-		-		743,720
Purchased services		11,154		877	-		4,531		321,845
Supplies and materials		-		•	-		-		69,539
Other objects		-		-	-		-		106
Capital outlay		-			-		-		11,917
Payments to other governments		-		•	 1,866		-		6,757
Total Expenditures		11,154		877	 1,866		4,531		1,153,884
EXCESS (DEFICIENCY) OF REVENUES									
OVER EXPENDITURES		-		-			-		(51,369)
OTHER FINANCING SOURCES (USES)									
Interest		-			 •				257
Total Other Financing Sources (Uses)		-	<del></del>	-	 *		-		257
NET CHANGE IN FUND BALANCES		-		-	 		*		(51,112)
FUND BALANCES - BEGINNING		-			 		-		88,885
FUND BALANCES - ENDING	\$	-	5	-	\$ -	S		\$	37,773

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 BUDGETARY COMPARISON SCHEDULE (For the Period of July 1, 2008 to June 30, 2009) EDUCATION FUND ACCOUNTS TRUANTS ALTERNATIVE/OPTIONAL EDUCATION FOR THE YEAR ENDED JUNE 30, 2009

		Budgeted	Ато	unts		Actual
	(	Original		Final	A	mounts
REVENUES						
State sources	\$	154,348	\$	154,348	\$	154,348
Total Revenues		154,348		154,348		154,348
EXPENDITURES						
Salaries and benefits		143,405		142,973		143,407
Purchased services		10,943		11,375		10,946
Total Expenditures		154,348		154,348		154,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		-		_		(5)
OTHER FINANCING SOURCES (USES)						
Interest		-		-		5
Total Other Financing Sources (Uses)		-		-		5
NET CHANGE IN FUND BALANCES		-		-		-
FUND BALANCES - BEGINNING				_		-
FUND BALANCES - ENDING	\$	_	\$	-	\$	-

#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 BUDGETARY COMPARISON SCHEDULE (For the Period of July 1, 2008 to June 30, 2009) EDUCATION FUND ACCOUNTS FEDERAL SPECIAL EDUCATION PRE-SCHOOL DISCRETIONARY FOR THE YEAR ENDED JUNE 30, 2009

		Budgeted	Amo	unts		Actual
	. (	Original		Final	A	mounts
REVENUES						
Federal sources	\$	350,000	\$	350,000	\$	<u>35</u> 6,254
Total Revenues		350,000		350,000		356,254
EXPENDITURES						
Salaries and benefits		164,671		164,671		157,437
Purchased services		180,207		180,207		193,589
Supplies and materials		5,122		5,122		5,286
Total Expenditures		350,000		350,000		356,312
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES		<b>_</b> ``				(58)
OTHER FINANCING SOURCES (USES)						
Interest		-		-		58
Total Other Financing Sources (Uses)		-		_		58
NET CHANGE IN FUND BALANCES		-		~		
FUND BALANCES - BEGINNING		-				
FUND BALANCES - ENDING	\$		\$	••	\$	-

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## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 BUDGETARY COMPARISON SCHEDULE (For the Period of July 1, 2008 to June 30, 2009) EDUCATION FUND ACCOUNTS REGIONAL SAFE SCHOOLS FOR THE YEAR ENDED JUNE 30, 2009

		Budgeted	Amo	unts		Actual
	(	Original		Final	A	mounts
REVENUES						
State sources	. \$	147,204	\$	147,204	\$	152,555
Total Revenues		147,204	•	147,204	•	152,555
EXPENDITURES						
Salaries and benefits		139,267		140,542		140,578
Purchased services		6,962		6,662		6,636
Capital outlay		975		-		5,351
Total Expenditures		147,204		147,204	·	152,565
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			_	-		(10)
OTHER FINANCING SOURCES (USES)						
Interest		-		-		10
Total Other Financing Sources (Uses)			•••••		L	10
NET CHANGE IN FUND BALANCES		-		-		-
FUND BALANCES - BEGINNING		-	····		·	
FUND BALANCES - ENDING	\$	-		-	<u></u>	<b></b>

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2009

	Edu	General Educational Development		ucational Bus Driver/			Supe	ervisory	He Sta	Schools- althy idents tiative	T(	DTALS
ASSETS	¢	0.071	, A	0.045	<u>^</u>	1.67	¢		٩	10.000		
Cash and cash equivalents Due from other governments	\$	3,271	\$	8,945	\$	167	\$	-	\$	12,383		
State		3,574	<b></b>	32						3,606		
TOTAL ASSETS		6,845		8,977		167	\$			15,989		
LIABILITIES												
Accounts Payable Accrued payroll	\$	1,788	\$	34 76	\$	-	\$	-	\$	1,822 76		
TOTAL LIABILITIES	·	1,788	L	110		-				1,898		
FUND BALANCES												
Unreserved		5,057		8,867		167	. <u></u>	-		14,091		
TOTAL FUND BALANCES		5,057	•	8,867		167		-		14,091		
TOTAL LIABILITIES	¢.	6 0 <b>1 5</b>	<u>_</u>	0.055	<b>•</b>		<u></u>		<u>,</u>	15000		
AND FUND BALANCES	\$	6,845		8,977	\$	167	\$		\$	15,989		

#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Edı			s Driver/ sportation	Sup	ervisory	Safe Schools- Healthy Students Initiative			OTALS
REVENUES										
Local sources	\$	10,679	\$	1,804	\$	-	\$	-	\$	12,483
State sources				1,183		8,000		5,000		14,183
Total Revenues		10,679		2,987		8,000		5,000	<u> </u>	26,666
EXPENDITURES										
. Salaries and benefits		1,615		2,174		-		3,996		7,785
Purchased services		4,936		1,433		5,859		1,004		13,232
Supplies and materials		2,119		16		100		~		2,235
Other objects		175		-		2,488				2,663
Total Expenditures		8,845		3,623		8,447		5,000		25,915
EXCESS (DEFICIENCY) OF REVENUES										
OVER EXPENDITURES		1,834_		(636)		(447)			•	751
OTHER FINANCING SOURCES (USES)										
Intcrest		3		3		-		-		6
Total Other Financing Sources (Uses)		3		3		-		-		6
NET CHANGE IN FUND BALANCES		1,837		(633)		(447)		-		757
FUND BALANCES - BEGINNING	<u> </u>	3,220	<b></b>	9,500		614		-	·	13,334
FUND BALANCES - ENDING		5,057	_\$	8,867	_\$	167	\$	-	\$	14,091

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#### EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	CFDA <u>Number</u>	Project # (1st eight digits) or <u>Contract #</u>	Federal <u>Expenditures</u> 7/1/08 - 6/30/09	
U.S. Dept. of Education				
Passed through Illinois State Board of Education: Fed. Sp. Ed Pre-School Discretionary	84.173A	08 4605 00	\$ 43.254	
Fed. Sp. Ed Pre-School Discretionary Fed. Sp. Ed Pre-School Discretionary	84.173A 84.173A	08-4605-00 09-4605-00	\$	
Total for CFDA #84.173A	07,17 <i>51</i> ,	09-4005-00	356,254 (N	Æ)
ARRA -General State Aid-Sec 18-8	84.394A	09-4850-92	44,109	
ARRA -General State Aid-Sec 18-8	84.394A	09-4850-92	26,569	
Total for CFDA #84.394A		0, 100, 12	70,678	
Total U.S. Dept of Education passed through the Illinois State Board of Education			426,932	
Passed through Regional Office of Education #2:				
Title I - Grants to Local Education Agencies	84.010A	09-4331-00	39,360	
Passed through Regional Office of Education #25:				
Standards - Aligned Classroom	84.010A	09-4932-00	4,500	
Total for CFDA #84.010A			43,860	
Passed through Regional Office of Education #21:				
McKinney Education for Homeless Children	84.196A	09-4920-00	15,216	
Total Passed through Regional Office of Education #21			15,216	
U.S. Dept. of Agriculture				
Passed through Illinois State Board of Education	_			
National School Lunch Program	10.555	08-4210-00	1,834	
National School Lunch Program Total National School Lunch Program	10.555	09-4210-00	<u> </u>	
	10.552	08 4000 00	<u> </u>	
School Breakfast Program School Breakfast Program	10.553 10.553	08-4220-00 09-4220-00	576 3,955	
Total School Breakfast Program	10.555	03-4220-00	4,531	
Total U.S. Dept of Agriculture passed through the Illinois Stat	te Board of Educatio	'n	15,685	
U.S. Dept. of Labor Passed through Mid-5 Employment & Training, Inc.				
Workforce Investment Act Youth Activities	17.259		21,500	
Total Mid-5 Employment & Training, Inc.			21,500	
Passed through Wabash Area Development, Ine.				
Workforce Investment Act Youth Activities	17.259		19,000	
Total Wabash Area Development, Inc.			19,000	
'Total U.S. Dept. of Labor			_40,500	
U.S. Forestry Department Passed through Illinois Department of Natural Resources				
Faster in ough minors Department of Natural Resources	10.670	09-4473-00	1,866	
Total U.S. Forestry Department passed through the Illinois De			1,866	
	1,000			
Total Expenditures of Federal Awards			\$ 544,059	

(M) Program was audited as a major program.

## EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES REGIONAL OFFICE OF EDUCATION #20 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2009

#### NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 and is presented 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 on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### NOTE 2 - SUBRECIPIENTS

Program Title	Federal CFDA <u>Number</u>	Amount Provided to <u>Subrecipients</u>	
Federal Forest Reserve	10.670	\$ 1,866	
System of Support	84.010	\$ 2,300	
Standards - Aligned Classroom	84.010A	\$ 2,591	

#### NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Federal Special Education – Pre-School – Discretionary – This fund is used to account for the federal grant which promotes increasing public awareness of availability of services and locating, identifying, and evaluating children suspected of having disabilities.

### NOTE 4 - NON-CASH ASSISTANCE

None

### NOTE 5 - AMOUNT OF INSURANCE

None

### NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None