

**STATE OF ILLINOIS
CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 9**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2010**

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9

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**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Jane E. Quinlan

Assistant Regional Superintendent
(current and during the audit period)

Ms. Barbara A. Daly

Office is located at:

200 South Fredrick Street
Rantoul, Illinois 61866-2433

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
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.

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

Details of audit findings are presented in a separate section of this report.

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
10-1	12	Controls Over Financial Statement Preparation	Significant Deficiency
10-2	14	Controls Over Property Records	Significant Deficiency
FINDINGS AND QUESTIONED COSTS (<i>FEDERAL COMPLIANCE</i>)			
	16	None	N/A
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
09-2	19	Lack of Sufficient Controls Over Journal Entries	N/A
PRIOR FINDINGS NOT REPEATED (<i>FEDERAL COMPLIANCE</i>)			
		None	N/A

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
COMPLIANCE REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The Champaign/Ford Counties Regional Office of Education No. 9 opted not to have an exit conference during the financial audit for the year ended June 30, 2010. Responses to the recommendations were provided by Dr. Jane E. Quinlan, Regional Superintendent, in a letter dated December 7, 2010.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Champaign/Ford Counties Regional Office of Education No. 9 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements.



INDEPENDENT AUDITORS' 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 Champaign/Ford Counties Regional Office of Education No. 9, as of and for the year ended June 30, 2010, which collectively comprise the Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Champaign/Ford Counties Regional Office of Education No. 9's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Champaign/Ford Counties Regional Office of Education No. 9, as of June 30, 2010, 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 March 21, 2011 on our consideration of the Champaign/Ford Counties Regional Office of Education No. 9's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 20 to 26, the Illinois Municipal Retirement Fund Schedule of Funding Progress and the other postemployment benefits information on page 62 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 Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others 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, Schedule of Disbursements to School District Treasurers and Others, 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.

C. C. Gray & Co. LLP
Chicago, Illinois
March 21, 2011



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

Honorable William G. Holland
Auditor General
State of Illinois

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 Champaign/Ford Counties Regional Office of Education No. 9, as of and for the year ended June 30, 2010, which collectively comprise the Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements and have issued our report thereon dated March 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Champaign/Ford Counties Regional Office of Education No. 9's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Champaign/Ford Counties Regional Office of Education No. 9's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Champaign/Ford Counties Regional Office of Education No. 9's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies,

significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in findings 10-1 and 10-2 in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Champaign/Ford Counties Regional Office of Education No. 9'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 noted a certain matter that we reported to management of the Champaign/Ford Counties Regional Office of Education No. 9 in a separate letter dated March 21, 2011.

The Champaign/Ford Counties Regional Office of Education No. 9'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 Champaign/Ford Counties Regional Office of Education No. 9's responses and, accordingly, we express no opinion on them.

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

C. C. Glig 9 C. C. T
Chicago, Illinois
March 21, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Champaign/Ford Counties Regional Office of Education No. 9's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Champaign/Ford Counties Regional Office of Education No. 9's major federal programs for the year ended June 30, 2010. The Champaign/Ford Counties Regional Office of Education No. 9's major federal programs are identified in the Summary of the Auditors' 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 Champaign/Ford Counties Regional Office of Education No. 9's management. Our responsibility is to express an opinion on the Champaign/Ford Counties Regional Office of Education No. 9'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 Champaign/Ford Counties Regional Office of Education No. 9's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Champaign/Ford Counties Regional Office of Education No. 9's compliance with those requirements.

In our opinion, the Champaign/Ford Counties Regional Office of Education No. 9 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Champaign/Ford Counties Regional Office of Education No. 9 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 Champaign/Ford Counties Regional Office of Education No. 9's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Champaign/Ford Counties Regional Office of Education No. 9's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, 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.

C. C. G. F. J. 9 Co. LLC
Chicago, Illinois
March 21, 2011

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part I: Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ✓ Yes None reported
- Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes ✓ None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes ✓ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A And type B Programs: \$300,000

Auditee qualified as low-risk auditee? ✓ Yes No

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Findings Related to the Financial Statements

FINDING NO. 10-1 - Controls Over Financial Statement Preparation (Repeated from Finding 09-1, 08-1, and 07-1)

Criteria/Specific Requirement:

The Champaign/ Ford Counties Regional Office of Education No. 9 (ROE No. 9) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). ROE No. 9's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The ROE No. 9 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the ROE No. 9 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

- The ROE No. 9 did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable or deferred revenue. While the ROE No. 9 maintained records to indicate the balances of accounts receivable, accounts payable and deferred revenue, not all entries were made by the ROE to reconcile their grant activity, such as posting grants receivable and deferred revenue.
- The ROE No. 9's financial information required numerous adjusting entries to present the financial statements in accordance with GAAP. These included multiple adjusting entries from the prior year's audit that were not recorded in the general ledger. The ROE No. 9 reviews, approves and accepts the responsibility for these audit adjustments.

Effect:

ROE No. 9 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Findings Related to the Financial Statements (Continued)

FINDING NO. 10-1 - Controls Over Financial Statement Preparation (Repeated from Finding 09-1, 08-1, and 07-1) (Continued)

Cause:

According to the ROE No. 9 management, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with the GASB requirements. In addition, the ROE No. 9 management accepts the degree of risk associated with these conditions.

Auditors' Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the ROE No. 9 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the ROE No. 9's activities and operations.

Management's Response:

The ROE No. 9 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The ROE No. 9 has worked to alleviate this finding by consulting about accounting practices and preparation of GAAP-based financial statements with other ROE bookkeepers who have not received the finding and making changes to our procedures based on their recommendations. As part of on-going efforts, the ROE No. 9 will continue to strive to improve controls over financial statement preparation. Beginning in FY 2011, a worksheet will be used to facilitate the preparation of the financial statements that would meet the GASB requirements.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Findings Related to the Financial Statements (Continued)

FINDING NO. 10-2 - Controls Over Property Records

Criteria/Specific Requirement:

The Illinois Administrative Code (74 Ill. Adm. Code 420.320 (c) (1) and (2)) requires that each Regional Office of Education (ROE) maintain the accounting records necessary to prepare financial statements in accordance with generally accepted accounting principles (GAAP). In addition, Appendix B, Fixed Asset Accounting of the Illinois Program Accounting Manual (IPAM) and GAAP also require that capital assets be reported based on the invoiced cost plus any applicable ancillary charges necessary to make the capital asset ready for its intended use. Ancillary charges are costs that are directly related to asset acquisition, which include, among others, installation and freight charges.

In addition, the State and Federal Grant Administration Policy and Fiscal Requirements and Procedures issued by the Illinois State Board of Education dictates procedures for managing equipment acquired with State and/or federal funds. These include procedures to ensure, among others that (1) adequate records are maintained for all equipment, and (2) dispositions or transfers are authorized in writing and that the transfers are recorded in the fixed assets inventory records.

The ROE Accounting Manual requires each ROE to maintain a detailed fixed assets record for both accounting purposes as well as insurance purposes for fixed assets costing \$500 and above. Generally accepted accounting principles require that an inventory of all fixed assets be maintained and property records be updated to reflect all existing items as of year-end.

Condition:

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) did not have adequate controls over property records. During our equipment testing, we noted the following:

- The ROE No. 9 did not properly record certain capital asset acquisitions. Computer equipment totaling \$81,073 was erroneously recorded as supplies, instead of capital expenditures. This consisted of 112 netbooks with net acquisition cost of \$724 per unit. Acquisition cost per netbook includes \$387 invoice cost, plus \$337 for installation of operating system, application software and shipping cost.
- Proper equipment transfer forms were not used to document transfer of 7 netbooks totaling \$5,068 to another agency.
- Fixed asset inventory records were not updated to record 13 netbooks totaling \$9,412.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Findings Related to the Financial Statements (Continued)

FINDING NO. 10-2 - Controls Over Property Records (Continued)

Effect:

Failure to update property records resulted in inaccurate and incomplete property records. It could also result in incorrect accounting information and inaccurate financial reporting. In addition, transactions were not recorded in accordance with GAAP, IPAM and the ROE Accounting Manual. Further, loss of ROE property and equipment may not be detected timely or remain undetected if the property listing is not updated in a timely manner.

Cause:

According to the ROE No. 9 management, the cost of computer equipment which included installation cost and freight charges were erroneously recorded as supplies, instead of capital assets because only the basic unit cost of the computer equipment, which is below the capital asset capitalization threshold, was initially considered as acquisition cost. Consequently, the 13 netbooks were not included in the fixed asset listing.

The transfer of 7 netbook computers to another agency, which was not properly documented on equipment transfer forms, was due to oversight.

Auditors' Recommendation:

We recommend the ROE No. 9 establish procedures to ensure capital asset acquisitions are properly accounted for and recorded in accordance with GAAP, the Illinois Administrative Code, IPAM, and the ROE Accounting Manual. To establish accountability, all transfers of equipment should be properly supported by signed check-out or equipment transfer forms. Further, the fixed asset inventory records should be updated promptly to reflect accurate balances.

Management's Response:

Based on suggestions from the previous auditor, the ROE No. 9 used the base cost of equipment in determining whether or not an item was a capital expenditure. In this case, the acquisition cost of each netbook was \$387, and ROE No. 9 determined that it was below the \$500 standard and thus recorded it in supplies. In the future, the ROE No. 9 will use the acquisition cost plus any ancillary charges necessary to make the capital asset ready for its intended use including installation and shipping charges, as the basis for determining whether an item is a capital expenditure.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part III: Federal Award Findings

Instances of Noncompliance:

None

Significant Deficiencies:

None

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2010**

FINDING NO. 10-1 - Controls Over Financial Statement Preparation (Repeated from Finding 09-1, 08-1, and 07-1)

Condition:

The ROE No. 9 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the ROE No. 9 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

- The ROE No. 9 did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable or deferred revenue. While the ROE No. 9 maintained records to indicate the balances of accounts receivable, accounts payable and deferred revenue, not all entries were made by the ROE to reconcile their grant activity, such as posting grants receivable and deferred revenue.
- The ROE No. 9's financial information required numerous adjusting entries to present the financial statements in accordance with GAAP. This included multiple adjusting entries from the prior year's audit that were not recorded in the general ledger. The ROE No. 9 reviews, approves and accepts the responsibility for these audit adjustments.

Plan:

The ROE No. 9 will continue to strive to improve controls over financial statement preparation. Beginning in FY 2011, a worksheet will be used to facilitate the preparation of the financial statements that would meet the GASB requirements.

Anticipated Date of Completion:

June 30, 2011

Name of Contact Person:

Dr. Jane Quinlan, Regional Superintendent, Champaign/Ford Counties ROE No. 9

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2010

FINDING NO. 10-2 - Controls Over Property Records

Condition:

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) did not have adequate controls over property records. During our equipment testing, we noted the following:

- The ROE No. 9 did not properly record certain capital asset acquisitions. Computer equipment totaling \$81,073 was erroneously recorded as supplies, instead of capital expenditures. This consisted of 112 netbooks with net acquisition cost of \$724 per unit. Acquisition cost per netbook includes \$387 invoice cost, plus \$337 for installation of operating system, application software and shipping cost.
- Proper equipment transfer forms were not used to document transfer of 7 netbooks totaling \$5,068 to another agency.
- Fixed asset inventory records were not updated to record 13 netbooks totaling \$9,412.

Plan:

The ROE No. 9 will revise procedures to ensure capital assets are properly accounted for and recorded. First, the ROE No. 9 will use the acquisition cost plus any ancillary charges necessary to make the capital asset ready for its intended use including installation and shipping charges, as the basis for determining whether an item is a capital expenditure. The ROE No. 9 will reinforce the policy that all transfers of equipment must be properly supported by signed check-out or equipment transfer forms that are reviewed by management. The ROE No. 9 will also establish an internal procedure to audit equipment transfer forms to insure accountability for capital expenditures.

Anticipated Date of Completion:

January 31, 2011

Name of Contact Person:

Dr. Jane Quinlan, Regional Superintendent, Champaign/Ford Counties ROE No. 9

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

Finding No.	Condition	Current Status
09-1	Controls Over Financial Statement Preparation	Repeated
09-2	Lack of Sufficient Controls Over Journal Entries	Not Repeated

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the ROE No. 9's financial statements, which follow.

2010 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$131,479 (6%) from \$2,171,712 in FY 2009 to \$2,303,191 in FY 2010. General Fund expenditures increased by \$245,177 (11%) from \$2,168,640 in FY 2009 to \$2,413,817 in FY 2010.
- Within the Governmental Funds, the Special Revenue Funds revenues increased by \$1,955,527 (58%) from \$3,355,761 in FY 2009 to \$5,311,288 in FY 2010. The Special Revenue Funds expenditures increased by \$1,981,758 (62%) from \$3,198,661 in FY 2009 to \$5,180,419 in FY 2010.
- Proprietary Funds revenues decreased by \$61,613 (33%) from \$186,131 in FY 2009 to \$124,518 in FY 2010. The Proprietary Funds expenditures increased by \$24,199 (22%) from \$108,358 in FY 2009 to \$132,557 in FY 2010.
- The ROE No. 9 has long term debt related to the other post employment retirement benefit obligations.

Using This Report

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

- Management's Discussion and Analysis introduces financial statements and provides an analytical overview of the ROE No. 9'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 ROE No. 9 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 9'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 needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and other supplementary information provides detailed information about the major and non-major funds.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE No. 9 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 ROE No. 9's net assets and how they have changed. Net assets - the difference between the assets and liabilities - are one way to measure the ROE No. 9's financial health or position.

Over time, increases or decreases in the net assets can be 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.

In the government-wide financial statements, the ROE No. 9's activities are divided into two categories:

- Governmental activities - Most of the ROE No. 9's basic services are included here, such as local, State and federal grant-funded programs, support services, and administration.
- Business-type activities - The ROE No. 9 charges fees to help cover costs of certain services and workshops it provides.

Fund Financial Statements

The fund financial statements provide detailed information about the ROE No. 9's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending of particular programs. Some funds are required by State law. The ROE No. 9 establishes other funds to control and manage money for particular purposes.

The ROE No. 9 has three kinds of funds:

- 1) Governmental funds account for all of the ROE No. 9's services. These focus on how cash and other financial assets can be readily converted to cash flow in and out and the balance left at year-end that is available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the ROE No. 9's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, reconciliation between the governmental fund financial statements and the government-wide financial statements follows the related governmental fund financial statements. The ROE No. 9's Governmental Funds include the General Fund and the Special Revenue Funds. The governmental funds

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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

- 2) Proprietary funds account for resources from fees charged to entities, individuals or other funds that use its resources. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The ROE No. 9's proprietary funds include the enterprise fund presented as business-type activities in the government-wide financial statements, and the internal service fund which is included in the governmental activities in the government-wide financial statements. The required proprietary financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.
- 3) Fiduciary funds are used to account for assets held by the ROE No. 9 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

Government-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the ROE No. 9. The total net assets at the end of FY 2010 were \$2,573,013. The analysis that follows provides a summary of the ROE No. 9's net assets at June 30, 2010 and June 30, 2009, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS						
Current assets	\$ 2,915,039	\$ 3,349,915	\$ 506,262	\$ 513,999	\$ 3,421,301	\$ 3,863,914
Capital assets, net of depreciation	185,787	184,348	5,178	5,480	190,965	189,828
TOTAL ASSETS	<u>3,100,826</u>	<u>3,534,263</u>	<u>511,440</u>	<u>519,479</u>	<u>3,612,266</u>	<u>4,053,742</u>
LIABILITIES						
Current liabilities	1,035,171	1,666,818	-	-	1,035,171	1,666,818
Noncurrent liabilities	4,082	12,378	-	-	4,082	12,378
TOTAL LIABILITIES	<u>1,039,253</u>	<u>1,679,196</u>	<u>-</u>	<u>-</u>	<u>1,039,253</u>	<u>1,679,196</u>
NET ASSETS						
Invested in capital assets, net of related debt	173,409	184,348	5,178	5,480	178,587	189,828
Restricted for teacher professional development	242,929	218,238	-	-	242,929	218,238
Unrestricted	1,645,235	1,452,481	506,262	513,999	2,151,497	1,966,480
TOTAL NET ASSETS	<u>\$ 2,061,573</u>	<u>\$ 1,855,067</u>	<u>\$ 511,440</u>	<u>\$ 519,479</u>	<u>\$ 2,573,013</u>	<u>\$ 2,374,546</u>

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The ROE No. 9's net assets increased by \$198,467 (8%) from FY 2009 primarily due to the excess of revenues over expenses generated from governmental activities. Total assets decreased by \$441,476 (11%) due to the decrease in both cash and receivable balances at the end of FY 2010. Total liabilities likewise decreased by \$639,943 (38%) which resulted from the decrease in deferred revenues as of June 30, 2010. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

STATEMENT OF ACTIVITIES

The following analysis shows the changes in net assets for governmental and business-type activities for the year ended June 30, 2010 and June 30, 2009.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 4,547,005	\$ 2,781,212	\$ -	\$ -	\$ 4,547,005	\$ 2,781,212
Charges for services	1,459,513	-	123,457	183,835	1,582,970	183,835
General revenues:						
Local sources	519,397	2,059,085	-	-	519,397	2,059,085
Interest income, net	13,669	9,237	1,061	2,296	14,730	11,533
On-behalf statements	1,263,824	796,073	-	-	1,263,824	796,073
Loss on disposal of assets	(423)	(7,172)	-	-	(423)	(7,172)
Total revenues	<u>7,802,985</u>	<u>5,638,435</u>	<u>124,518</u>	<u>186,131</u>	<u>7,927,503</u>	<u>5,824,566</u>
Expenses:						
Salaries and benefits	2,662,909	2,609,530	9,928	7,680	2,672,837	2,617,210
Purchased services	2,144,434	1,462,156	54,742	86,789	2,199,176	1,548,945
Supplies and materials	895,340	295,604	12,494	9,972	907,834	305,576
Capital expenditure	62,936	-	-	-	62,936	-
Depreciation	77,077	70,952	2,309	2,316	79,386	73,268
Payments to other governmental units	467,654	221,373	51,642	-	519,296	221,373
Miscellaneous	22,305	14,438	1,442	1,601	23,747	16,039
On-behalf payments	1,263,824	796,073	-	-	1,263,824	796,073
Total expenses	<u>7,596,479</u>	<u>5,470,126</u>	<u>132,557</u>	<u>108,358</u>	<u>7,729,036</u>	<u>5,578,484</u>
Change in net assets	206,506	168,309	(8,039)	77,773	198,467	246,082
Net assets, beginning	<u>1,855,067</u>	<u>1,686,758</u>	<u>519,479</u>	<u>441,706</u>	<u>2,374,546</u>	<u>2,128,464</u>
Net assets, ending	<u>\$ 2,061,573</u>	<u>\$ 1,855,067</u>	<u>\$ 511,440</u>	<u>\$ 519,479</u>	<u>\$ 2,573,013</u>	<u>\$ 2,374,546</u>

During FY 2010, the governmental funds had excess of revenues over expenditures of \$206,506. Total revenues increased by \$2.1 million (38%) which resulted from \$1.5 million revenues recognized in FY 2010 under the Gifted Education program. Total revenues under the Regional Education Alternative for Developing Youth (READY) program and on-behalf payments likewise increased by \$0.3 million and \$0.5 million, respectively.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Total expenses had a corresponding increase of \$2.1 million (39%) during FY 2010. The increase was attributed to purchase of educational materials and equipment that were used for the Gifted Education program. The increase of \$0.5 million in on-behalf payments was due to the other postemployment benefit (OPEB) contributions paid by the State to the Teacher Health Insurance Security (THIS) fund which was recognized beginning in FY 2010.

Financial Analysis of the ROE No. 9 Funds

As previously noted, the ROE No. 9 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

The ROE No. 9 continues to offer technical assistance and professional development activities to teachers in all areas of curriculum. In FY 2010, at least 997 teachers have received direct professional development to improve their basic knowledge and/or their teaching pedagogy. The ROE No. 9 is responsible for professional development activities to maintain certification by our school administrators through the Administrator Academy. At least 343 administrators have received direct professional development in FY 2010. The ROE No. 9 also operates a middle school and high school through the Regional Safe School Program for students who have experienced serious difficulties in the public schools. This school served 233 students. The DCFS Education Advisor Online program served 38 families and 84 individual children were served with direct interventions. The Truancy Program had 109 referrals and served 144 students to ameliorate their truancy problems. The McKinney Education-Homeless Children Program served 442 students and families. In FY 2010, the ROE No. 9 served 2,782 teachers through the Certification Program that assists teachers in completing certification requirements and obtaining a certificate. The ROE No.9 also provided nine Bus Driver Trainings throughout the year issuing 53 Initial Bus Driver certificates and 109 Refresher Bus Driver Certificates. There are a variety of other regulatory programs that are statute based including the annual inspection of school buildings for health and safety and regular compliance monitoring of districts. A General Education Diploma is offered through the ROE No. 9's cooperative effort with Parkland College and the Lincoln's Challenge Program, which includes testing to meet high school equivalency. The ROE No. 9 administered 1,068 GED tests. There are two new programs for fiscal year 2010. Migrant Education program served 135 students, and 21st Century grant served 219 students. In addition, the ROE No. 9 has a variety of smaller programs that would be classified as consultative services working directly with the schools.

The ROE No. 9 assists educators, parents and other patrons on a daily basis as they call for information and/or with questions or problems related to education. During FY 2010, the ROE No. 9 responded to 12,083 phone calls and walk-ins with questions concerning bus service, grade problems, special education needs and requirements, residency concerns, and

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

home school issues. The ROE No. 9 also offers guidance to parents, as well as serves as a liaison between parents and the schools.

Proprietary Fund Highlights

The Local Workshop Fund provided training and workshops to 17 public school districts and 24 non-public schools in the region. As part of its mission, the ROE No. 9 continued to provide workshop and training services to school districts even during economically challenging times. Many workshops and services were offered free-of-charge and below cost recovery in order to meet organizational objectives.

Budgetary Highlights

The ROE No. 9 annually adopts budgets for several funds. However, the annual budgets are not required to be legally adopted. All grant budgets are prepared by the ROE No. 9 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. A schedule showing the comparison of the ROE No. 9's actual financial activity to the budget is included in the supplementary information section of this report.

Capital Assets

Capital assets of the ROE No. 9 include office equipment, computers, servers, audiovisual equipment and office furniture. The ROE No. 9 maintains an inventory of capital assets that have been accumulated over time. In FY 2010, total additions amounted to \$80,946 and total retirements amounted to \$3,470. Depreciation expense for FY 2010 was \$79,386.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the ROE No. 9 was aware of several existing circumstances that could significantly impact its financial health in the future:

- The interest rate on investment remains low and will impact income.
- Grants have either been reduced or remained at previous levels.
- The State of Illinois is facing a financial crisis resulting in cuts to State programs and significant delays in payment.

The ROE No. 9 has tried to maintain the programs that have been previously offered to the school districts. In the future, these services may have to be reduced if the ROE No. 9 does not receive sufficient funding or if funding is not received in a timely manner. ROE No. 9's goal is to give the very best services to its schools and clients as possible.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Contacting the ROE No. 9's Financial Management

This report is designed to provide the Regional Office's citizens, taxpayers, customers, and creditors with a general overview of the Regional Office's finances and to demonstrate the ROE No. 9's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent's office at The Champaign/Ford Counties Regional Office of Education No. 9, 200 S. Fredrick, Rantoul, IL 61866.

BASIC FINANCIAL STATEMENTS

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
STATEMENT OF NET ASSETS
JUNE 30, 2010**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,207,529	\$ 498,577	\$ 2,706,106
Due from other governmental agencies	707,510	7,685	715,195
Total current assets	<u>2,915,039</u>	<u>506,262</u>	<u>3,421,301</u>
Noncurrent assets			
Capital assets, net	185,787	5,178	190,965
TOTAL ASSETS	<u>3,100,826</u>	<u>511,440</u>	<u>3,612,266</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	335,619	-	335,619
Due to other governmental agencies	285	-	285
Deferred revenues	686,889	-	686,889
Lease payable	12,378	-	12,378
Total current liabilities	<u>1,035,171</u>	<u>-</u>	<u>1,035,171</u>
Noncurrent liabilities			
Net OPEB obligation	4,082	-	4,082
TOTAL LIABILITIES	<u>1,039,253</u>	<u>-</u>	<u>1,039,253</u>
NET ASSETS			
Invested in capital assets, net of related debt	173,409	5,178	178,587
Restricted for teacher professional development	242,929	-	242,929
Unrestricted	1,645,235	506,262	2,151,497
TOTAL NET ASSETS	<u>\$ 2,061,573</u>	<u>\$ 511,440</u>	<u>\$ 2,573,013</u>

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

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		Total
				Governmental Activities	Business-Type Activities	
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 2,034,307	\$ 471,890	\$ 1,470,154	\$ (92,263)	\$ -	\$ (92,263)
Benefits	628,602	144,915	451,479	(32,208)	-	(32,208)
Purchased services	2,144,434	488,791	1,522,788	(132,855)	-	(132,855)
Supplies and materials	895,340	207,280	645,767	(42,293)	-	(42,293)
Depreciation expense	77,077	-	-	(77,077)	-	(77,077)
Miscellaneous	22,305	5,181	16,127	(997)	-	(997)
Payments to other governments	467,654	108,529	338,114	(21,011)	-	(21,011)
Capital expenditures	62,936	32,927	102,576	72,567	-	72,567
Administrative						
On-behalf payments	1,263,824	-	-	(1,263,824)	-	(1,263,824)
Total governmental activities	7,596,479	1,459,513	4,547,005	(1,589,961)	-	(1,589,961)
Business-type activities:						
Registration fees	132,557	123,457	-	-	(9,100)	(9,100)
Total business-type activities	132,557	123,457	-	-	(9,100)	(9,100)
Total primary government	\$ 7,729,036	\$ 1,582,970	\$ 4,547,005	(1,589,961)	(9,100)	(1,599,061)
General revenues:						
Local sources						
Intergovernmental				145,181	-	145,181
Local flow-thru				374,216	-	374,216
Interest income				14,913	1,061	15,974
Interest expense				(1,244)	-	(1,244)
Loss on disposal of assets				(423)	-	(423)
On-behalf payments				1,263,824	-	1,263,824
Total general revenues				1,796,467	1,061	1,797,528
Change in net assets				206,506	(8,039)	198,467
Net assets - beginning				1,855,067	519,479	2,374,546
Net assets - ending				\$ 2,061,573	\$ 511,440	\$ 2,573,013

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

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 629,229	\$ 1,219,600	\$ 242,929	\$ 96,673	\$ 2,188,431
Due from other governmental agencies	180,561	525,417	-	745	706,723
TOTAL ASSETS	<u>809,790</u>	<u>1,745,017</u>	<u>242,929</u>	<u>97,418</u>	<u>2,895,154</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	51,565	284,054	-	-	335,619
Due to other governmental agencies	285	-	-	-	285
Deferred revenues	76,400	800,662	-	-	877,062
Total liabilities	<u>128,250</u>	<u>1,084,716</u>	<u>-</u>	<u>-</u>	<u>1,212,966</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	681,540	-	-	-	681,540
Special revenue funds	-	660,301	242,929	97,418	1,000,648
Total fund balances	<u>681,540</u>	<u>660,301</u>	<u>242,929</u>	<u>97,418</u>	<u>1,682,188</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 809,790</u>	<u>\$ 1,745,017</u>	<u>\$ 242,929</u>	<u>\$ 97,418</u>	<u>\$ 2,895,154</u>

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

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

EXHIBIT D

Total fund balances - governmental funds	\$ 1,682,188
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Lease payable reflects capital lease payments that the Regional Office of Education No. 9 will recognize as expensed when paid in the governmental financial statements.	(12,378)
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The OPEB obligation resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and therefore, are not reported in the funds.	(4,082)
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Revenues are not available to pay for current-period expenditures and therefore, are deferred in the funds.	190,173
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Capital assets used in the governmental activities are not financial resources and therefore, are not reported in the funds.	185,787
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The Internal Service Fund is used by management to charge the costs of general accounting services of the Regional Office of Education No. 9 to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.

Net Assets - Internal Service Fund	\$ 29,713	
Less capital assets of internal service fund included in total above	(9,828)	19,885

Net assets of governmental activities	\$ 2,061,573
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The notes to the financial statements are an integral part of this statement.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT E

	General Fund	Education Fund	Institute Funds	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Federal sources	\$ -	\$ 1,027,664	\$ -	\$ -	\$ 1,027,664
State sources	278,194	2,821,693	-	2,960	3,102,847
Local sources					
Intergovernmental	145,181	226,321	-	-	371,502
Local flow-thru	374,216	-	-	-	374,216
Charges for services	212,104	1,090,358	65,516	63,837	1,431,815
Miscellaneous	27,698	-	-	-	27,698
Interest	1,974	12,240	504	195	14,913
On-behalf payments	1,263,824	-	-	-	1,263,824
Total revenues	2,303,191	5,178,276	66,020	66,992	7,614,479
EXPENDITURES					
Instructional services:					
Salaries	394,200	1,613,967	875	25,242	2,034,284
Benefits	115,142	507,380	67	1,931	624,520
Purchased services	548,151	1,547,228	38,225	10,830	2,144,434
Supplies and materials	59,792	825,935	2,162	7,451	895,340
Miscellaneous	8,751	13,509	-	45	22,305
Payments to other governments	5,523	462,131	-	-	467,654
On-behalf payments	1,263,824	-	-	-	1,263,824
Capital expenditures	18,434	123,441	-	-	141,875
Total expenditures	2,413,817	5,093,591	41,329	45,499	7,594,236
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(110,626)	84,685	24,691	21,493	20,243
OTHER FINANCING USES					
Repayment of long-term lease payable	(11,772)	-	-	-	(11,772)
Financing cost	(1,244)	-	-	-	(1,244)
Total other financing uses	(13,016)	-	-	-	(13,016)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	(123,642)	84,685	24,691	21,493	7,227
FUND BALANCES, BEGINNING OF YEAR	805,182	575,616	218,238	75,925	1,674,961
FUND BALANCES, END OF YEAR	\$ 681,540	\$ 660,301	\$ 242,929	\$ 97,418	\$ 1,682,188

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT F

Net change in fund balances \$ 7,227

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 expenditures, net of transfers	\$ 78,939	
Depreciation expense	(77,077)	1,862

Repayment of long-term capital lease obligation is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

11,772

The increase in the OPEB obligation resulting from annual required contributions in excess of actual contributions do not require the use of current financial resources and, therefore, is not reported as expenditures in the funds.

(4,082)

Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred revenues in the funds.

190,173

Governmental funds report capital outlays as expenditures at the time of purchase, therefore, when an asset is disposed of in a noncash transaction, it is not reflected in the governmental activities financial statements at the time of disposal. However, in the Statement of Activities, the difference between the asset's original cost and its related accumulated depreciation is reported as a loss on the disposal of capital assets.

(423)

The net expense of the internal service fund is reported under governmental activities, excluding the depreciation expense of \$3,037 which is included in total depreciation above.

(23)

Change in net assets of governmental activities

\$ 206,506

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

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2010

EXHIBIT G

	Business-Type Activities -		Governmental Activities	
	Enterprise Fund		Internal	
	Local		Service Fund	
	Workshops			
ASSETS				
Current assets				
Cash and cash equivalents	\$	498,577	\$	19,098
Due from other governmental agencies		7,685		787
Total current assets		<u>506,262</u>		<u>19,885</u>
Noncurrent assets				
Capital assets, net		<u>5,178</u>		<u>9,828</u>
TOTAL ASSETS		<u>511,440</u>		<u>29,713</u>
NET ASSETS				
Invested in capital assets		5,178		9,828
Unrestricted		506,262		19,885
TOTAL NET ASSETS	\$	<u>511,440</u>	\$	<u>29,713</u>

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

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT H

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Local Workshops	Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 123,457	\$ 144,044
OPERATING EXPENSES		
Salaries	8,122	91,245
Benefits	1,806	28,339
Purchased services	54,742	11,584
Supplies and materials	12,494	12,880
Payments to other governments	51,642	-
Miscellaneous	1,442	49
Depreciation	2,309	3,037
Total operating expenses	<u>132,557</u>	<u>147,134</u>
OPERATING LOSS	<u>(9,100)</u>	<u>(3,090)</u>
NONOPERATING REVENUE		
Interest income	<u>1,061</u>	<u>30</u>
CHANGE IN NET ASSETS	<u>(8,039)</u>	<u>(3,060)</u>
NET ASSETS, BEGINNING OF YEAR	<u>519,479</u>	<u>32,773</u>
NET ASSETS, END OF YEAR	<u>\$ 511,440</u>	<u>\$ 29,713</u>

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

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT I

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Local Workshops	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts for workshops and services	\$ 123,457	\$ 144,044
Payments to suppliers	46,976	(24,460)
Payments to employees	(9,928)	(119,584)
Net cash provided by operating activities	<u>160,505</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of capital assets	(2,007)	-
Net cash used in capital financing activities	<u>(2,007)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITY:		
Interest	1,061	30
Net cash provided by investing activity	<u>1,061</u>	<u>30</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	159,559	30
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>339,018</u>	<u>19,068</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 498,577</u>	<u>\$ 19,098</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (9,100)	\$ (3,090)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	2,309	3,037
Effects of changes in assets and liabilities:		
Due from other funds	160,902	-
Due from other governmental agencies	6,394	53
Net cash provided by operating activities	<u>\$ 160,505</u>	<u>\$ -</u>

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 174,811</u>
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LIABILITIES

Accounts payable and accrued expenses	174,433
Due to other governmental agencies	<u>378</u>

TOTAL LIABILITIES	<u><u>\$ 174,811</u></u>
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The notes to the financial statements are an integral part of this statement.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). The ROE No. 9 encompasses Champaign/Ford Counties, Illinois. A Regional Superintendent of Schools serves as chief administrative officer of ROE No. 9, and is elected to the position for a four-year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105.

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers' institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the ROE No. 9's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; to investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

For the period ended June 30, 2010, the ROE No. 9 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in ROE No. 9.

These are the only activities considered to be part of (controlled by or dependent on) the ROE No. 9, as determined by the application of the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will and potential for financial benefit or burden.

The ROE No. 9 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the ROE No. 9 does not consider itself to be a component unit of any other entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE No. 9 that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE No. 9 programs.

The Statement of Net Assets presents the ROE No. 9's nonfiduciary assets and liabilities with the differences reported as net assets. Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets of the ROE No. 9 are classified as follows:

Invested in Capital Assets - represents the ROE No. 9's total investment in capital assets. There is no outstanding debt related to these assets at this time.

Restricted Net Assets - represent resources in which the ROE No. 9 is legally obligated to spend in accordance with restrictions imposed by enabling legislation.

Unrestricted Net Assets - represent resources used for transactions relating to the general operations of the ROE No. 9 and may be used at the discretion of management to meet expenses for any purpose.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the ROE No. 9 are prepared in accordance with generally accepted accounting principles (GAAP). The ROE No. 9 applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The government-wide financial statements and the proprietary fund 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 revenues are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The ROE No. 9 considers revenues as available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements.

There are, however, essentially two types of these revenues: (1) monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded, and (2) monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for compensated absences and other long-term obligations, which are recognized when paid.

Agency funds financial statements are reported using the accrual basis of accounting, but due to their custodial nature (assets equal liabilities) do not present results of operations or have a measurement focus.

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

The proprietary fund financial statements include local workshops fund and internal service fund. The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of inter-fund activities has been eliminated in the government-wide financial statements. In the Statement of Activities, interfund transactions between internal service fund and governmental funds have been eliminated. Internal service balances, except those representing balances between governmental funds and internal service fund, have been combined with the governmental activities in the Statement of Net Assets.

When both restricted and unrestricted resources are available for use, it is the ROE's policy to use restricted resources first, then unrestricted resources as they are needed.

Certain 2009 amounts within the General Fund have been reclassified to conform to the 2010 presentation. In prior years, the Youth Detention Center was included in the General Fund. In FY 2010, the Youth Detention Center is reported under the Education Fund.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

D. Fund Accounting

The accounts of the ROE No. 9 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The ROE No. 9 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

Government Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds.

The governmental funds include the following:

General Fund - Accounts for all financial resources except those required to be accounted for in another fund. It accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

General Operations - Accounts for grant monies received for, and payment of, expenditures for the general administration of the ROE No. 9 operations.

Schoolworks Operations - Accounts for grant that provides professional development and training for teachers and administrators in Champaign, Ford and Vermilion Counties in the areas of gifted education, school improvement, staff development, and technology through workshops, study groups, on-site training, phone assistance, and consultation.

Area IV Learning Technology Hub - Accounts for the grant monies received for, and payment of, expenditures for programs that provide assistance to local districts and schools for the implementation and support of a comprehensive system that effectively uses technology in schools to improve student academic achievement.

Essay Scoring - Accounts for local receipts and expenses in administering and scoring of GED essays for the school districts.

Special Revenue Funds - Accounts for grant monies received for, and payment of, expenditures for the proceeds of specific revenue sources (other than those accounted

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

for in the Fiduciary Funds) that are legally restricted to expenditures for specified purposes. The special revenue funds include the following:

Education - Accounts for various grants supporting education enhancement programs. Education funds include:

ISBE/DCFS Interagency Technical Assistance Network - Accounts for grant monies received for, and payment of, expenditures for a program that assists with the treatment of child abuse victims and helps prevent child abuse situations. This fund also accounts for grant monies received for, and payment of, expenditures for the Workforce Investment Act (WIA) Youth Activities grant.

Truants Alternative/Optional Education - Accounts for grant monies received for, and payment of, expenditures for a program that offers prevention and intervention services to truant students. Program activities include case management, home and school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

Regional Education Alternative for Developing Youth - Accounts for grant monies and local fees received for, and payment of, expenditures to administer an alternative school program for at-risk students in grades 6-12. The fund also includes grant monies funded by the American Recovery and Reinvestment Act (ARRA).

Novice Teacher Support - Accounts for grant monies received for, and payment of, expenditures for a program that provides beginning teachers with practical strategies for dealing with early career challenges, resources, and a network of colleagues who are also entering the teaching profession.

Title I Reading First Part B SEA - Accounts for grant monies received for, and payment of, expenditures for a program that provides technical assistance and professional development opportunities to support Reading First districts and primary reading instruction.

Department of Children and Family Services (DCFS) Grant - Accounts for grant monies received from the DCFS which is used for the payment of program expenditures for the treatment of child abuse victims and helps prevent child abuse situations.

McKinney-Vento Homeless Children and Youth Program - Accounts for grant monies received for, and payment of, expenditures for federal statewide grant

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

under McKinney-Vento Homeless Children and Youth Program. This program provides assistance to schools who work with the homeless youth.

ELL Professional Development - Accounts for grant monies received for, and payment of, expenditures to support professional development of small and rural districts in the following areas: (1) State and federal laws requiring the provision of English as a second language instruction (or instruction in the native language, if appropriate), to the students needs and as required by State law; (2) best practices of bilingual education to general education teachers, ESL teachers, bilingual teachers, and teacher aides; (3) bilingual program models, curriculum, and methods of instruction for English Language Learners.

Summer Freedom School - Accounts for monies received for, and payment of, expenditures for summer literacy program designed by the Children's Defense Fund to promote cultural and social pride, and to motivate youth to read. Youth read and engage in literacy activities on a daily basis and participate in afternoon rotation activities and field trips both in and out of the community and State.

Teacher Mentoring - Accounts for grant monies received for, and payment of, expenditures for ISBE funded projects in the State that focus on the support and development of new teachers. The program provides mentoring strategies to veteran teachers, who in turn also provide trainings to new teachers. Program activities include assistance in classroom management and improvement strategies.

Teacher Quality - Accounts for grant monies received for, and payment of, expenditures incurred in providing professional development training to teachers for improvement of instruction in the classroom.

Title I School Improvement and Accountability - Accounts for grant monies received for, and payment of, expenditures for one of three Regional System of Support Projects (RESPRO) funded by ISBE and passed through the Iroquois-Kankakee Regional Office of Education No. 32. The grant supports the schools and school districts which are in academic status and have not met the required annual yearly progress for two or more years. Program activities include assistance in setting up school improvement plans and monitoring the status of school improvement plans. The RESPRO program is funded by the Title I, Title II and Other State program grants.

IVPA-SEL Grant - Accounts for grant monies received for, and payment of, expenditures for technical assistance funded by ISBE but administered by the

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Illinois Violence Prevention Authority. The grant supports the implementation for Social/Emotional Learning (SEL) by local school districts who have been awarded program implementation grants. This is done through area trainings and technical assistance.

HR Solutions (Tomlinson) - Accounts for monies received from participating school districts which are used to provide technical assistance and training on human resources issues.

Freedom School Grant - Accounts for grant monies received for, and payment of, expenditures for program that provides safe, restorative learning spaces that operate for six weeks during the summer for seven hours per day.

Teen Reach Grant - Accounts for grant monies received for, and payment of, expenditures for program that expands the range of choices and opportunities that enable, empowers and encourages youth to achieve positive growth and development, improves expectations and capacities for future success, and avoids and/or reduces risk-taking behavior.

ISBE CMAR - Accounts for grant monies received for, and payment of, expenditures for program that provides consultants who are contracted to do compliance monitoring and provider application reading for the Supplemental Educational Services program under Title I, Part A, of the *No Child Left Behind Act of 2001*.

Gifted Education - Accounts for grant monies received for, and payment of, expenditures for program that provides instructional materials to schools, technical assistance, and resources from in-service activities for participating schools and their representatives. The activities of this program include in-service activities for gifted coordinators and other teachers.

Youth Detention Center - Accounts for monies received from the Urbana School District No. 116 to provide an educational program for the students serving time at the Juvenile Detention Center.

Migrant Education Program - Accounts for grant monies received for, and payment of, expenditures for program designed to operate in four of the ROE No. 9's districts that are most impacted by the social, emotional and academic needs of migrant students. This program provides a migrant advocate to improve communication between the schools and families, and promote academic success and social progress of migrant students.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

21st Century Grant - Accounts for grant monies received for, and payment of, expenditures for program that provides academic enrichment opportunities during non-school hours for high school students who attend high-poverty and low-performing schools. This program helps students meet State and local student standards in core academic subjects; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

Institute - Accounts for teacher certificate registrations, issuance and evaluation fees for processing certificates, and expenses for meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

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

General Education Development (GED) - Accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

School Bus Driver Training - Accounts for State and local receipts and expenses as a result of training school district bus drivers.

Supervisory - Accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education (ISBE) to be used for travel and related purposes.

Proprietary Fund Types

Proprietary funds are those in which revenues and expenses related to services provided to other entities, as well as to other funds within the ROE No. 9 are reported. The ROE No. 9 reports the following enterprise fund:

Local Workshops - Accounts for monies received from registration fees for trainings and workshops conducted by the ROE No. 9 for the school district administrators and professionals.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

The ROE No. 9 reports the following internal service fund:

Internal Service Fund - Accounts for the general accounting services and other expenses provided to other operating areas and programs of the ROE No. 9 on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

Distributive Fund - Accounts for State and federal funds appropriated to the Rural Champaign Co. Special Education Center and to entities which are paid through the ROE No. 9. Funds are received and disbursed to these entities and accounted for in a trustee capacity.

Payroll Clearing - This fund receives money from other funds to pay for the payroll expenses of the ROE No. 9 and the Rural Champaign Co. Special Education Coop.

Regional Board of Trustees - This fund accounts for the monies received from, and disbursed for the activities of the Regional Board of Trustees.

County School Facility Sales Tax - This fund accounts for monies received from the Champaign County representing 1% of the county's sales tax revenues. In accordance with the School Code 105 ILCS 5/3-14.31, proceeds from the sales tax revenues are distributed to the school districts in Champaign County based on student enrollment.

E. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE No. 9 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE No. 9 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

provided to the ROE No. 9 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

F. Cash and Investments

Cash and cash equivalents consist of cash on deposit. Investments with an original maturity of three months or less at the time they are purchased by the ROE No. 9 are considered to be cash equivalents, while investments with original maturities of more than three months are reported as investments.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than two years 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. Capital assets are depreciated using the straight-line method over the estimated useful lives (3 to 20 years) of the respective assets.

H. Deferred Revenues

The ROE No. 9 reports deferred revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

I. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

J. Revenue from Federal and State Grants

Revenues from federal and State grant awards are recorded net of the amount due to the State or federal agency for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or federal agency are carried over to the following year project and are recorded as liabilities.

K. Budgetary Data

The ROE No. 9 did not formally adopt a budget for the year ended June 30, 2010 and is not legally required to do so. The ISBE requires budgets for certain State and federal

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

General Funds:

- Schoolworks Operations
- Area IV Learning Technology Hub

Special Revenue Funds:

- Education Fund:
 - Truants Alternative/Optional Education
 - Regional Education Alternative for Developing Youth
 - Title I Reading First Part B SEA
 - ELL Professional Development
 - Teacher Mentoring
 - Migrant Education
 - 21st Century Grant

L. Interest Revenue

Interest earned on the Distributive Fund (a fiduciary fund) by ROE No. 9 on ISBE receipts is allocated and distributed semi-annually to recipients.

M. Compensated Absences

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Any accruals as of June 30th are considered immaterial by management and not reflected in the basic financial statements.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

N. New Accounting Pronouncements

During FY 2010, the ROE No. 9 implemented and adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)* which addresses financial statement and disclosure requirements for reporting by administrators of OPEB plan assets or by employers that include OPEB plan assets as trust or agency funds in their financial reports. The OPEB costs and the

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

related OPEB obligations are presented in the government-wide Statement of Net Assets and Statement of Activities. The required OPEB disclosures are also presented in Note 9 of the Notes to Financial Statements and in the Required Supplementary Information.

The ROE No. 9 also implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The adoption of these statements does not have any impact on the ROE No. 9's financial statements for the year ended June 30, 2010.

NOTE 2 - CASH AND INVESTMENTS

Deposits

The ROE No. 9 maintains different bank accounts for its various activities. At June 30, 2010, the total carrying amount of such accounts is \$2,879,634, and the total bank balance is \$3,247,325. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2010. The total bank balance of \$3,247,325 as of June 30, 2010 was secured by federal depository insurance.

Investments

The ROE No. 9 does not have a formal investment policy. The ROE No. 9 is authorized under the State of Illinois Public Funds Investment Act to invest in interest savings account, certificates of deposit, obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

As of June 30, 2010, the ROE No. 9 had investments with carrying and fair values of \$1,283 invested in the Illinois Funds Money Market Fund.

Credit Risk

At June 30, 2010, the Illinois Funds Money Market Fund had a Standards and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the

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Illinois Public Funds Investments 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 Funds states that unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

Concentration of Credit Risk

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

NOTE 3 - DUE FROM (TO) OTHER GOVERNMENTAL AGENCIES

The ROE No. 9's Special Revenue Funds, Proprietary Funds, and Fiduciary Funds have funds due from/to the following governmental agencies:

Due from Other Governmental Agencies:	
Illinois State Board of Education	\$ 359,116
Illinois Department of Human Services	74,980
Iroquois/Kankakee Regional Office of Education No. 32	131,005
Ford County	1,700
Local school districts	<u>148,394</u>
Total	<u>\$ 715,195</u>
Due to Other Governmental Agencies:	
Local school districts	<u>\$ 663</u>

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NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2010 are as follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
GOVERNMENTAL FUNDS				
Equipment and office furniture	\$ 636,784	\$ 78,939	\$ 3,470	\$ 712,253
Less: accumulated depreciation	452,436	77,077	(3,047)	526,466
Capital assets, net	<u>\$ 184,348</u>	<u>\$ 1,862</u>	<u>\$ 423</u>	<u>\$ 185,787</u>
PROPRIETARY FUNDS				
Equipment and office furniture	\$ 11,797	\$ 2,007	\$ -	\$ 13,804
Less: accumulated depreciation	6,317	2,309	-	8,626
Capital assets, net	<u>\$ 5,480</u>	<u>\$ (302)</u>	<u>\$ -</u>	<u>\$ 5,178</u>

Depreciation expense for the year ended June 30, 2010 of \$77,077 was charged to the governmental activities under the instructional services function. For the business-type activities, depreciation of \$2,309 was charged to the enterprise fund - local workshops.

NOTE 5 - LEASES

(a) Capital Lease

The ROE No. 9 has entered into a lease agreement to finance the acquisition of software at a cost of \$39,048. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account. The remaining minimum lease obligation and the net present value of the lease payment for the year ending June 30, 2011 amounted to \$13,016 and \$12,378, respectively.

(b) Operating Lease

The ROE No. 9 is committed under a lease for various classroom and office spaces for its Regional Education Alternative for Developing Youth (READY) School and Illinois Technical Assistance Network (ITAN) programs.

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Future minimum lease rentals are as follows:

	Year Ending June 30	Amount
2011		\$ 144,853
2012		157,428
2013		157,428
2014		157,428
2015		157,428
Thereafter		682,188
Total		\$ 1,456,753

NOTE 6 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2010:

General Fund:	
Schoolworks Operations	\$ 34,377
Education Fund:	
ISBE/DCFS Interagency Technical Assistance Network	2,356
Truants Alternative/Optional Education	14,365
Teacher Mentoring	6,469
Total Deficit Fund Balances	\$ 57,567

Above deficit fund balances are expected to be reversed in the next fiscal year through payments from the State, receipts from local sources and interest income. The deficit balances are due to the provision of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of the current fiscal period.

NOTE 7 - ON BEHALF PAYMENTS

The salaries of the Superintendent and Assistant Superintendent of ROE No. 9 are paid for by the State of Illinois and Teachers Retirement System (TRS) contributions are paid by the State of Illinois, in accordance with applicable State of Illinois law.

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The breakdown of the on-behalf payments is as follows:

Regional Superintendent's salary	\$ 100,762
Regional Superintendent's fringe benefits (includes State paid insurance)	20,316
Assistant Regional Superintendent's salary	90,686
Assistant Regional Superintendent's fringe benefits (includes State paid insurance)	15,818
TRS pension contributions	1,000,303
THIS OPEB contributions	35,939
Total	\$ 1,263,824

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the ISBE. The fringe benefits amounts include State paid insurance. These amounts have been recorded in the accompanying financial statements as on-behalf revenues and expenditures.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS

Teachers' Retirement System of the State of Illinois

The ROE No. 9 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the ROE No. 9's TRS-covered employee.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
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- **On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on-behalf of the ROE No. 9. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the ROE No. 9 recognized revenue and expenditures of \$1,000,003 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$570,202) and 13.11 percent (\$384,440), respectively.

The ROE No. 9 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2010 were \$23,704. Contributions for the years ending June 30, 2009, and June 30, 2008, were \$21,865 and \$19,922, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the ROE No. 9, there is a statutory requirement for the ROE No. 9 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, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$419,322 were paid from federal and special trust funds that required employer contributions of \$98,038. For the years ended June 30, 2009 and June 30, 2008, required ROE No. 9 contributions were \$73,687 and \$65,875, respectively.
- **Early retirement option (ERO).** The ROE No. 9 is also required to make one-time employer contributions to TRS for members retiring under the ERO. The payments vary depending on the age and salary of the member.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

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For the year ended June 30, 2010, the ROE No. 9 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30 2008, the ROE No. 9 paid \$0 in employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two additional employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent. For the year ended June 30, 2010, the ROE No. 9 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the ROE No. 9 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.
 - If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010). For the year ended June 30, 2010, the ROE No. 9 paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the ROE No. 9 did not have any payments to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. 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.

Illinois Municipal Retirement Fund

Plan Description

The ROE No. 9'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 ROE No. 9's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute

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and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

Funding Policy

As set by statute, the ROE No. 9's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 7.99 percent of annual covered payroll. The ROE No. 9 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For fiscal year ended December 31, 2009, the ROE No. 9's annual pension cost of \$169,522 for the regular plan was equal to the ROE No. 9's required and actual contributions.

THREE-YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 169,522	100%	\$ --
12/31/08	153,373	100%	--
12/31/07	149,525	100%	--

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the ROE No. 9's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The ROE No. 9's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 5 years.

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 83.39 percent funded. The actuarial accrued liability for benefits was \$3,747,628 and the

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actuarial value of assets was \$3,125,038, resulting in an underfunded actuarial accrued liability (UAAL) of \$622,590. The covered payroll (annual payroll of active employees covered by the plan) was \$2,121,679 and the ratio of the UAAL to the covered payroll was 29 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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 9 - OTHER POSTEMPLOYMENT BENEFITS

Defined Benefit Plan - Health Alliance

Beginning in FY 2010, the ROE No. 9 is required to implement GASB Statement No. 45 for other postemployment benefits (OPEB) such as health care offered to retirees. The ROE No. 9 implemented GASB Statement No. 45 prospectively. This new standard addresses how the reporting entity should account for and report its costs related to postemployment health care, such as the ROE No. 9's retiree health benefit subsidy. The subsidy is an implied age related cost differential based upon the expected higher cost of coverage for retired employees versus the average cost for the entire group. Historically, the ROE No. 9's subsidy was funded by pay-as-you-go basis. GASB Statement No. 45 requires that the ROE No. 9 recognize the cost of the retiree health subsidy during the period of employee's active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on ROE No. 9. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description

The ROE No. 9 provides postemployment health care for eligible retired employees and their dependents through a multiple-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the ROE No. 9, and can be amended through its personnel manual and employee contracts. An irrevocable trust has not been established to account for the plan and accordingly, the plan is not accounted for as a trust fund. The plan does not issue a separate report.

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Benefits Provided

The ROE No. 9 provides postemployment health care for eligible retired employees and their dependents. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their health care plan coverage by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services and prescriptions. Because the actuarial cost of health benefits for the retirees exceeds the average amount paid by retirees, the additional cost is paid by the ROE No. 9 and is the basis for OPEB obligation accounted for under GASB Statement No. 45.

Membership

At June 30, 2010, membership consisted of:

Retirees and beneficiaries receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	—
Active vested plan members	22
Active nonvested plan members	29
Total	<u>52</u>
Number of participating employers	<u>1</u>

Funding Policy

The Regional Superintendent of the ROE No. 9 negotiates the contribution percentages between the ROE No. 9 and her employees through the employee contracts and the personnel policy. All retirees contribute 100% of the blended premium to the plan and the ROE No. 9 contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay-as-you-go). GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body's annual required contribution, but does not require funding of the related liability. As of June 30, 2010, the ROE No. 9 has chosen not to fund the liability.

Annual OPEB Cost and Net OPEB Obligation

The ROE No. 9's annual OPEB cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over a period of thirty years.

Trend Data

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Components of Net OPEB Obligation and Expense

Item	Amount as of June 30, 2010
Annual Required Contribution	\$ 6,506
Interest on Net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	6,506
Contributions made	(2,424)
Increase in net OPEB obligation	4,082
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 4,082

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/10	\$6,506	37.25%	\$ 4,082

Funded Status and Funding Progress

As of June 30, 2010, the actuarial accrued liability for benefits was \$42,813. The covered payroll was approximately \$2,209,155, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.93%.

Actuarial Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

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In the actuarial valuation for the fiscal year ended June 30, 2010, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8% initially, reduced to an ultimate rate of 6% after five years. Rates include a 3% general inflation assumption. The Unfunded Accrued Liability is being amortized as a level dollar amount on a closed basis over 30 years. A discount (interest) rate of 5% was used, as well as a salary progression rate of 5% per year.

Teacher Health Insurance Security Fund

The ROE No. 9 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental or life insurance benefits to annuitants of the TRS. Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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

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

- **On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on-behalf of the ROE No. 9. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. The State of Illinois contributions were \$35,939, and the ROE No. 9 recognized revenue and expenditures of this amount during the year. Had the ROE No. 9 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008, under the current standards, the contribution match would have been 0.84 percent of pay or \$29,651 and \$26,320, respectively.
- **Employer contributions to THIS Fund.** The ROE No. 9 also makes contributions to THIS Fund. The ROE No. 9 THIS Fund contribution was 0.63 percent during the years

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ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the ROE No. 9 paid \$25,748 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the ROE No. 9 paid \$21,032 and \$18,474 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 10 - RISK MANAGEMENT

The ROE No. 9 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 Regional Office 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.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$3,125,038	\$3,747,628	\$ 622,590	83.39%	\$2,121,679	29.34%
12/31/08	2,807,116	3,286,134	479,018	85.42%	1,795,941	26.67%
12/31/07	3,028,912	3,016,015	(12,897)	100.43%	1,657,703	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$3,038,912.
On a market basis, the funded ratio would be 81.09%.

**OTHER POST EMPLOYMENT BENEFITS -
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/10	\$0	\$42,813	\$42,813	0%	\$2,209,155	1.94%

**OTHER POST EMPLOYMENT BENEFITS PLAN -
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
06/30/10	\$2,424	\$6,506	37.25%

SUPPLEMENTARY INFORMATION

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 GENERAL FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 1

	<u>General Operations</u>	<u>Schoolworks Operations</u>	<u>Area IV Learning Technology Hub</u>	<u>Essay Scoring</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 102,252	\$ -	\$ 521,244	\$ 5,733	\$ 629,229
Due from other governmental agencies	2,612	17,188	160,205	556	180,561
TOTAL ASSETS	<u>104,864</u>	<u>17,188</u>	<u>681,449</u>	<u>6,289</u>	<u>809,790</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	-	51,565	-	-	51,565
Due to other governmental agencies	285	-	-	-	285
Deferred revenues	-	-	76,400	-	76,400
Total liabilities	<u>285</u>	<u>51,565</u>	<u>76,400</u>	<u>-</u>	<u>128,250</u>
FUND BALANCES (DEFICIT)					
Unreserved	<u>104,579</u>	<u>(34,377)</u>	<u>605,049</u>	<u>6,289</u>	<u>681,540</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 104,864</u>	<u>\$ 17,188</u>	<u>\$ 681,449</u>	<u>\$ 6,289</u>	<u>\$ 809,790</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9

SCHEDULE 2

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	General Operations	Schoolworks Operations	Area IV Learning Technology Hub	Essay Scoring	Total
REVENUES					
State sources	\$ -	\$ 103,127	\$ 175,067	\$ -	\$ 278,194
Local sources					
Intergovernmental	145,181	-	-	-	145,181
Local flow-thru	374,216	-	-	-	374,216
Charges for services	-	-	199,780	12,324	212,104
Miscellaneous	27,698	-	-	-	27,698
Interest income	561	5	1,400	8	1,974
On-behalf payments	1,263,824	-	-	-	1,263,824
Total revenues	<u>1,811,480</u>	<u>103,132</u>	<u>376,247</u>	<u>12,332</u>	<u>2,303,191</u>
EXPENDITURES					
Salaries	125,583	53,551	207,359	7,707	394,200
Benefits	47,611	12,450	54,491	590	115,142
Purchased services	414,390	42,451	90,868	442	548,151
Supplies and materials	6,945	13,795	38,960	92	59,792
Payments to other governments	-	-	5,523	-	5,523
Miscellaneous	6,785	536	1,430	-	8,751
On-behalf payments	1,263,824	-	-	-	1,263,824
Capital expenditures	2,147	14,726	1,561	-	18,434
Total expenditures	<u>1,867,285</u>	<u>137,509</u>	<u>400,192</u>	<u>8,831</u>	<u>2,413,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(55,805)	(34,377)	(23,945)	3,501	(110,626)
OTHER FINANCING USES					
Repayment of long-term lease payable	-	-	(11,772)	-	(11,772)
Financing cost	-	-	(1,244)	-	(1,244)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(13,016)</u>	<u>-</u>	<u>(13,016)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	(55,805)	(34,377)	(36,961)	3,501	(123,642)
FUND BALANCES, BEGINNING OF YEAR	<u>160,384</u>	<u>-</u>	<u>642,010</u>	<u>2,788</u>	<u>805,182</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 104,579</u>	<u>\$ (34,377)</u>	<u>\$ 605,049</u>	<u>\$ 6,289</u>	<u>\$ 681,540</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 3

	Schoolworks Operations			Area IV Learning Technology Hub			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
State sources	\$ 137,504	\$ 103,127	\$ (34,377)	\$ 282,103	\$ 175,067	\$ (107,036)	\$ 419,607	\$ 278,194	\$ (141,413)
Local sources									
Charges for services	-	-	-	-	199,780	199,780	-	199,780	199,780
Miscellaneous	-	-	-	-	-	-	-	-	-
Interest income	-	5	5	-	1,400	1,400	-	1,405	1,405
Total revenues	<u>137,504</u>	<u>103,132</u>	<u>(34,372)</u>	<u>282,103</u>	<u>376,247</u>	<u>94,144</u>	<u>419,607</u>	<u>479,379</u>	<u>59,772</u>
EXPENDITURES									
Salaries	52,606	53,551	(945)	186,368	207,359	(20,991)	238,974	260,910	(21,936)
Benefits	12,278	12,450	(172)	46,216	54,491	(8,275)	58,494	66,941	(8,447)
Purchased services	42,438	42,451	(13)	40,685	90,868	(50,183)	83,123	133,319	(50,196)
Supplies and materials	16,367	13,795	2,572	3,311	38,960	(35,649)	19,678	52,755	(33,077)
Payments to governments	-	-	-	5,523	5,523	-	5,523	5,523	-
Miscellaneous	983	536	447	-	1,430	(1,430)	983	1,966	(983)
Capital expenditure	12,832	14,726	(1,894)	-	1,561	(1,561)	12,832	16,287	(3,455)
Total expenditures	<u>137,504</u>	<u>137,509</u>	<u>(5)</u>	<u>282,103</u>	<u>400,192</u>	<u>(118,089)</u>	<u>419,607</u>	<u>537,701</u>	<u>(118,094)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(34,377)</u>	<u>\$ (34,377)</u>	<u>\$ -</u>	<u>(23,945)</u>	<u>\$ (23,945)</u>	<u>\$ -</u>	<u>(58,322)</u>	<u>\$ (58,322)</u>
OTHER FINANCING USES									
Repayment of long-term capital lease payable		-			(11,772)			(11,772)	
Financing cost		-			(1,244)			(1,244)	
Total other financing uses		-			(13,016)			(13,016)	
DEFICIENCY OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		(34,377)			(36,961)			(71,338)	
FUND BALANCES, BEGINNING OF YEAR		-			642,010			642,010	
FUND BALANCES (DEFICIT), END OF YEAR		<u>\$ (34,377)</u>			<u>\$ 605,049</u>			<u>\$ 570,672</u>	

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 4

	<u>ISBE/DCFS Interagency Technical Assistance Network</u>	<u>Truants Alternative/ Optional Education</u>	<u>Regional Education Alternative for Developing Youth</u>	<u>Novice Teacher Support</u>	<u>Title I Reading First Part B SEA</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 525,284	\$ 3,920	\$ 25,441
Due from other governmental agencies	-	28,931	243,719	-	-
TOTAL ASSETS	<u>-</u>	<u>28,931</u>	<u>769,003</u>	<u>3,920</u>	<u>25,441</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	2,356	28,931	-	-	-
Deferred revenues	-	14,365	92,939	3,920	25,441
Total liabilities	<u>2,356</u>	<u>43,296</u>	<u>92,939</u>	<u>3,920</u>	<u>25,441</u>
FUND BALANCES (DEFICIT)					
Unreserved	<u>(2,356)</u>	<u>(14,365)</u>	<u>676,064</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ -</u>	<u>\$ 28,931</u>	<u>\$ 769,003</u>	<u>\$ 3,920</u>	<u>\$ 25,441</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 4
 (CONTINUED)

	<u>Department of Children & Family Services Grant</u>	<u>McKinney-Vento Homeless Children & Youth Program</u>	<u>ELL Professional Development</u>	<u>Summer Freedom School</u>	<u>Teacher Mentoring</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 2,988	\$ -	\$ 935	\$ -
Due from other governmental agencies	-	-	-	-	28,161
TOTAL ASSETS	<u>-</u>	<u>2,988</u>	<u>-</u>	<u>935</u>	<u>28,161</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	-	-	-	-	28,161
Deferred revenues	-	-	-	-	6,469
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,630</u>
FUND BALANCES (DEFICIT)					
Unreserved	<u>-</u>	<u>2,988</u>	<u>-</u>	<u>935</u>	<u>(6,469)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ -</u>	<u>\$ 2,988</u>	<u>\$ -</u>	<u>\$ 935</u>	<u>\$ 28,161</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 4
 (CONTINUED)

	<u>Teacher Quality</u>	<u>Title I School Improvement and Accountability</u>	<u>IVPA-SEL Grant</u>	<u>HR Solutions (Tomlinson)</u>	<u>Freedom School Grant</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 41,173	\$ 3,504	\$ 30,160
Due from other governmental agencies	19,435	111,570	-	-	-
TOTAL ASSETS	<u>19,435</u>	<u>111,570</u>	<u>41,173</u>	<u>3,504</u>	<u>30,160</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	19,435	111,570	-	-	-
Deferred revenues	-	-	41,173	-	30,160
Total liabilities	<u>19,435</u>	<u>111,570</u>	<u>41,173</u>	<u>-</u>	<u>30,160</u>
FUND BALANCES (DEFICIT)					
Unreserved	-	-	-	3,504	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 19,435</u>	<u>\$ 111,570</u>	<u>\$ 41,173</u>	<u>\$ 3,504</u>	<u>\$ 30,160</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 4
 (CONTINUED)

	Teen Reach Grant	ISBE CMAR	Gifted Education	Youth Detention Center	Migrant Education Program	21st Century Grant	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 528,129	\$ 468	\$ -	\$ 57,598	\$ 1,219,600
Due from other governmental agencies	74,980	18,621	-	-	-	-	525,417
TOTAL ASSETS	74,980	18,621	528,129	468	-	57,598	1,745,017
LIABILITIES AND FUND BALANCES (DEFICIT)							
LIABILITIES							
Accounts payable and accrued expenses	74,980	18,621	-	-	-	-	284,054
Deferred revenues	-	-	528,129	468	-	57,598	800,662
Total liabilities	74,980	18,621	528,129	468	-	57,598	1,084,716
FUND BALANCES (DEFICIT)							
Unreserved	-	-	-	-	-	-	660,301
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 74,980	\$ 18,621	\$ 528,129	\$ 468	\$ -	\$ 57,598	\$ 1,745,017

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 5

	ISBE/DCFS Interagency Technical Assistance Network	Truants Alternative/ Optional Education	Regional Education Alternative for Developing Youth	Novice Teacher Support	Title I Reading First Part B SEA
REVENUES					
Federal sources	\$ 15,510	\$ -	\$ 231,124	\$ -	\$ 358
State sources	-	50,699	519,226	-	-
Local sources					
Intergovernmental	255	-	-	5,248	-
Charges for services	-	-	1,090,358	-	-
Interest	5	-	1,766	17	-
Total revenues	<u>15,770</u>	<u>50,699</u>	<u>1,842,474</u>	<u>5,265</u>	<u>358</u>
EXPENDITURES					
Salaries	10,808	45,047	906,768	-	-
Benefits	1,890	13,945	299,213	-	-
Purchased services	2,479	5,099	411,507	5,265	358
Supplies and materials	6,930	973	60,010	-	-
Payments to other governments	-	-	-	-	-
Miscellaneous	36	-	2,432	-	-
Capital expenditure	-	-	40,684	-	-
Total expenditures	<u>22,143</u>	<u>65,064</u>	<u>1,720,614</u>	<u>5,265</u>	<u>358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,373)	(14,365)	121,860	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>4,017</u>	<u>-</u>	<u>554,204</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (2,356)</u>	<u>\$ (14,365)</u>	<u>\$ 676,064</u>	<u>\$ -</u>	<u>\$ -</u>

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
EDUCATION FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

**SCHEDULE 5
(CONTINUED)**

	<u>Department of Children & Family Services Grant</u>	<u>McKinney-Vento Homeless Children & Youth Program</u>	<u>ELL Professional Development</u>	<u>Summer Freedom School</u>	<u>Teacher Mentoring</u>
REVENUES					
Federal sources	\$ -	\$ 21,514	\$ 4,000	\$ -	\$ -
State sources	66,621	-	-	-	21,692
Local sources					
Intergovernmental	-	2,363	-	300	-
Charges for services	-	-	-	-	-
Interest	9	19	2	3	15
Total revenues	<u>66,630</u>	<u>23,896</u>	<u>4,002</u>	<u>303</u>	<u>21,707</u>
EXPENDITURES					
Salaries	29,877	11,629	-	11,232	-
Benefits	5,723	6,023	-	1,651	-
Purchased services	25,912	1,208	1,056	785	27,893
Supplies and materials	5,109	2,420	2,944	1,379	268
Payments to other governments	-	-	-	-	-
Miscellaneous	9	331	2	-	15
Capital expenditure	-	-	-	-	-
Total expenditures	<u>66,630</u>	<u>21,611</u>	<u>4,002</u>	<u>15,047</u>	<u>28,176</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	2,285	-	(14,744)	(6,469)
FUND BALANCES, BEGINNING OF YEAR	-	703	-	15,679	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 2,988</u>	<u>\$ -</u>	<u>\$ 935</u>	<u>\$ (6,469)</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 5
 (CONTINUED)

	<u>Teacher Quality</u>	<u>Title I School Improvement and Accountability</u>	<u>IVPA-SEL Grant</u>	<u>HR Solutions (Tomlinson)</u>	<u>Freedom School Grant</u>
REVENUES					
Federal sources	\$ 61,647	\$ 425,406	\$ -	\$ -	\$ -
State sources	-	-	68,327	-	-
Local sources					
Intergovernmental	-	-	-	16,177	11,124
Charges for services	-	-	-	-	-
Interest	-	-	313	10	85
Total revenues	<u>61,647</u>	<u>425,406</u>	<u>68,640</u>	<u>16,187</u>	<u>11,209</u>
EXPENDITURES					
Salaries	28,507	173,871	37,489	-	2,642
Benefits	10,006	76,141	5,927	-	352
Purchased services	2,361	38,061	15,116	13,696	5,755
Supplies and materials	3	1,133	3,508	-	2,379
Payments to other governments	20,770	136,200	6,287	-	-
Miscellaneous	-	-	313	-	81
Capital expenditure	-	-	-	-	-
Total expenditures	<u>61,647</u>	<u>425,406</u>	<u>68,640</u>	<u>13,696</u>	<u>11,209</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	2,491	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	1,013	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,504</u>	<u>\$ -</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6

	Truants Alternative / Optional Education			Regional Education Alternative for Developing Youth		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 231,124	\$ 231,124
State sources	79,831	50,699	(29,132)	216,729	519,226	302,497
Local Sources						
Charges for services	-	-	-	-	1,090,358	1,090,358
Interest	-	-	-	-	1,766	1,766
Total revenues	<u>79,831</u>	<u>50,699</u>	<u>(29,132)</u>	<u>216,729</u>	<u>1,842,474</u>	<u>1,625,745</u>
EXPENDITURES						
Salaries	51,311	45,047	6,264	151,000	906,768	(755,768)
Benefits	18,863	13,945	4,918	47,210	299,213	(252,003)
Purchased services	8,757	5,099	3,658	11,865	411,507	(399,642)
Supplies and materials	900	973	(73)	6,654	60,010	(53,356)
Payments to governments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	2,432	(2,432)
Capital expenditure	-	-	-	-	40,684	(40,684)
Total expenditures	<u>79,831</u>	<u>65,064</u>	<u>14,767</u>	<u>216,729</u>	<u>1,720,614</u>	<u>(1,503,885)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(14,365)</u>	<u>\$ (14,365)</u>	<u>\$ -</u>	<u>121,860</u>	<u>\$ 121,860</u>
FUND BALANCES, BEGINNING OF YEAR		-			554,204	
FUND BALANCES (DEFICIT), END OF YEAR		<u>\$ (14,365)</u>			<u>\$ 676,064</u>	

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6
 (CONTINUED)

	Title I Reading First Part B SEA			ELL Professional Development		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ 28,428	\$ 358	\$ (28,070)	\$ 4,000	\$ 4,000	\$ -
State sources	-	-	-	-	-	-
Local Sources						
Charges for services	-	-	-	-	-	-
Interest	-	-	-	-	2	2
Total revenues	<u>28,428</u>	<u>358</u>	<u>(28,070)</u>	<u>4,000</u>	<u>4,002</u>	<u>2</u>
EXPENDITURES						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Purchased services	6,103	358	5,745	1,270	1,056	214
Supplies and materials	2,200	-	2,200	2,730	2,944	(214)
Payments to governments	20,125	-	20,125	-	-	-
Miscellaneous	-	-	-	-	2	(2)
Capital expenditure	-	-	-	-	-	-
Total expenditures	<u>28,428</u>	<u>358</u>	<u>28,070</u>	<u>4,000</u>	<u>4,002</u>	<u>(2)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES, BEGINNING OF YEAR		<u>-</u>			<u>-</u>	
FUND BALANCES (DEFICIT), END OF YEAR		<u>\$ -</u>			<u>\$ -</u>	

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6
 (CONTINUED)

	Teacher Mentoring			Migrant Education Program		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ 39,750	\$ 39,750	\$ -
State sources	54,227	21,692	(32,535)	-	-	-
Local Sources						
Charges for services	-	-	-	-	-	-
Interest	-	15	15	-	11	11
Total revenues	<u>54,227</u>	<u>21,707</u>	<u>(32,520)</u>	<u>39,750</u>	<u>39,761</u>	<u>11</u>
EXPENDITURES						
Salaries	-	-	-	20,250	20,250	-
Benefits	-	-	-	11,800	10,083	1,717
Purchased services	27,941	27,893	48	3,875	4,546	(671)
Supplies and materials	800	268	532	900	1,315	(415)
Payments to governments	25,486	-	25,486	1,980	2,612	(632)
Miscellaneous	-	15	(15)	-	11	(11)
Capital expenditure	-	-	-	945	944	1
Total expenditures	<u>54,227</u>	<u>28,176</u>	<u>26,051</u>	<u>39,750</u>	<u>39,761</u>	<u>(11)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(6,469)</u>	<u>\$ (6,469)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES, BEGINNING OF YEAR		<u>-</u>			<u>-</u>	
FUND BALANCES (DEFICIT), END OF YEAR		<u>\$ (6,469)</u>			<u>\$ -</u>	

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6
 (CONTINUED)

	21st Century Grant			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ 148,900	\$ 78,375	\$ (70,525)	\$ 221,078	\$ 353,607	\$ 132,529
State sources	-	-	-	350,787	591,617	240,830
Local Sources						
Charges for services	-	-	-	-	1,090,358	1,090,358
Interest	-	-	-	-	1,794	1,794
Total revenues	<u>148,900</u>	<u>78,375</u>	<u>(70,525)</u>	<u>571,865</u>	<u>2,037,376</u>	<u>1,465,511</u>
EXPENDITURES						
Salaries	67,832	41,757	26,075	290,393	1,013,822	(723,429)
Benefits	13,015	8,259	4,756	90,888	331,500	(240,612)
Purchased services	46,263	23,086	23,177	106,074	473,545	(367,471)
Supplies and materials	21,790	5,273	16,517	35,974	70,783	(34,809)
Payments to governments	-	-	-	47,591	2,612	44,979
Miscellaneous	-	-	-	-	2,460	(2,460)
Capital expenditure	-	-	-	945	41,628	(40,683)
Total expenditures	<u>148,900</u>	<u>78,375</u>	<u>70,525</u>	<u>571,865</u>	<u>1,936,350</u>	<u>(1,364,485)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>101,026</u>	<u>\$ 101,026</u>
FUND BALANCES, BEGINNING OF YEAR		<u>-</u>			<u>554,204</u>	
FUND BALANCES (DEFICIT), END OF YEAR		<u>\$ -</u>			<u>\$ 655,230</u>	

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

SCHEDULE 7

	<u>GED</u>	<u>School Bus Driver Training</u>	<u>Supervisory</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 80,502	\$ 16,171	\$ -	\$ 96,673
Due from other governmental agencies	445	300	-	745
TOTAL ASSETS	<u>80,947</u>	<u>16,471</u>	<u>-</u>	<u>97,418</u>
FUND BALANCES				
Unreserved	<u>\$ 80,947</u>	<u>\$ 16,471</u>	<u>\$ -</u>	<u>\$ 97,418</u>

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 8

	<u>GED</u>	<u>School Bus Driver Training</u>	<u>Supervisory</u>	<u>Total</u>
REVENUES				
State sources	\$ -	\$ 960	\$ 2,000	\$ 2,960
Local sources				
Charges for services	62,199	1,638	-	63,837
Interest	159	35	1	195
Total revenues	<u>62,358</u>	<u>2,633</u>	<u>2,001</u>	<u>66,992</u>
EXPENDITURES				
Salaries	25,242	-	-	25,242
Benefits	1,931	-	-	1,931
Purchased services	7,409	1,421	2,000	10,830
Supplies and materials	7,389	62	-	7,451
Miscellaneous	44	-	1	45
Total expenditures	<u>42,015</u>	<u>1,483</u>	<u>2,001</u>	<u>45,499</u>
EXCESS OF REVENUES OVER EXPENDITURES	20,343	1,150	-	21,493
FUND BALANCES, BEGINNING OF YEAR	<u>60,604</u>	<u>15,321</u>	<u>-</u>	<u>75,925</u>
FUND BALANCES, END OF YEAR	<u>\$ 80,947</u>	<u>\$ 16,471</u>	<u>\$ -</u>	<u>\$ 97,418</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2010

SCHEDULE 9

	<u>Distributive</u>	<u>Payroll Clearing</u>	<u>Regional Board of Trustees</u>	<u>County School Facility Sales Tax</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 92	\$ 174,433	\$ 162	\$ 124	\$ 174,811
LIABILITIES					
Accounts payable and accrued expenses	-	174,433	-	-	174,433
Due to other governmental agencies	92	-	162	124	378
TOTAL LIABILITIES	<u>\$ 92</u>	<u>\$ 174,433</u>	<u>\$ 162</u>	<u>\$ 124</u>	<u>\$ 174,811</u>

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 366,105	\$ 5,406,034	\$ 5,772,047	\$ 92
Due from other governmental agencies	287,941	-	287,941	-
Total Assets	<u>654,046</u>	<u>5,406,034</u>	<u>6,059,988</u>	<u>92</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ 654,046</u>	<u>\$ 5,406,034</u>	<u>\$ 6,059,988</u>	<u>\$ 92</u>
<u>PAYROLL CLEARING</u>				
ASSETS				
Cash and cash equivalents	<u>\$ 260,593</u>	<u>\$ 8,101,125</u>	<u>\$ 8,187,285</u>	<u>\$ 174,433</u>
LIABILITIES				
Accounts payable and accrued expenses	<u>\$ 260,593</u>	<u>\$ 8,101,125</u>	<u>\$ 8,187,285</u>	<u>\$ 174,433</u>
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>
<u>COUNTY SCHOOL FACILITY SALES TAX</u>				
ASSETS				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 3,766,547</u>	<u>\$ 3,766,423</u>	<u>\$ 124</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ -</u>	<u>\$ 3,766,547</u>	<u>\$ 3,766,423</u>	<u>\$ 124</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 626,860	\$ 17,273,706	\$ 17,725,755	\$ 174,811
Due from other governmental agencies	287,941	-	287,941	-
Total Assets	<u>914,801</u>	<u>17,273,706</u>	<u>18,013,696</u>	<u>174,811</u>
LIABILITIES				
Accounts payable and accrued expenses	260,593	8,101,125	8,187,285	174,433
Due to other governmental agencies	654,208	9,172,581	9,826,411	378
Total Liabilities	<u>\$ 914,801</u>	<u>\$ 17,273,706</u>	<u>\$ 18,013,696</u>	<u>\$ 174,811</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 11

	Regional Office of Education No. 9	Rural Champaign Co. Special Education Center	Champaign County School Districts	Total
Distributive Interest	\$ 17	\$ 41	\$ -	\$ 58
County School Facility Sales Tax	-	-	3,766,423	3,766,423
General State Aid	387,700	-	-	387,700
Special Ed. - Personnel	-	480,179	-	480,179
Gifted Education	100,450	-	-	100,450
Gifted Education	973,802	-	-	973,802
State Free Lunch & Breakfast	1,807	-	-	1,807
School Breakfast Incentive	9	-	-	9
ROE School Bus Training	960	-	-	960
Truants Alternative / Optional Education	58,049	-	-	58,049
Regional Safe Schools	159,078	-	-	159,078
Early Childhood - Block Grant - 00	-	283,091	-	283,091
Early Childhood - Block Grant - 01	-	69,677	-	69,677
Early Childhood - Block Grant - 70	-	69,432	-	69,432
Early Childhood - Block Grant - 80	-	22,241	-	22,241
Early Childhood - Block Grant - 90	-	24,571	-	24,571
ROE/ISC Operations	115,087	-	-	115,087
Supervisory Expense	2,000	-	-	2,000
Technology - Learning Technology Center	203,851	-	-	203,851
Teacher Mentoring Pilot Program	25,749	-	-	25,749
National School Lunch Program	27,668	-	-	27,668
School Breakfast Program	6,493	-	-	6,493
Reading First Part B SEA Funds	18,478	-	-	18,478
Title I - Migrant Education	39,750	-	-	39,750
Title IV - 21st Century Community Learning Centers	135,900	-	-	135,900
Fed. - Sp. Ed. Preschool Flow Through	-	57,369	-	57,369
Fed. - Sp. Ed. I.D.E.A. Flow Through	-	1,844,813	-	1,844,813
ARRA - General State Aid	64,617	-	-	64,617
ARRA - Fed. - Sp. Ed.- IDEA - Flow Through	-	573,629	-	573,629
ARRA - General State Aid Gov't SFSF	21,539	-	-	21,539
Other Federal Programs	4,000	-	-	4,000
	<u>\$ 2,347,004</u>	<u>\$ 3,425,043</u>	<u>\$ 3,766,423</u>	<u>\$ 9,538,470</u>

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 12

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2010 Expenditures
STATE FISCAL STABILIZATION FUND CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act Passed-Through Illinois State Board of Education <i>General State Aid (Education Stabilization Fund)</i>	84.394A	2010-4850-93	\$ 64,617
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act Passed-Through Illinois State Board of Education <i>General State Aid (Government Stabilization Fund)</i>	84.397A	2010-4870-93	21,539
TOTAL DEPARTMENT OF EDUCATION			\$ 86,156
TOTAL STATE FISCAL STABILIZATION FUND CLUSTER			\$ 86,156
CHILD NUTRITION CLUSTER:			
<u>DEPARTMENT OF AGRICULTURE</u>			
School Breakfast Program Passed-Through Illinois State Board of Education <i>School Breakfast Program</i>	10.553	10-4220-00	6,617
National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch Program</i>	10.555	10-4210-00	27,806
TOTAL DEPARTMENT OF AGRICULTURE			\$ 34,423
TOTAL CHILD NUTRITION CLUSTER			\$ 34,423
OTHER PROGRAMS:			
<u>DEPARTMENT OF EDUCATION</u>			
Migrant Education State Grant Program Passed-Through Illinois State Board of Education <i>Migrant Education</i>	84.011A	2010-4340-00	\$ 39,750
Twenty-First Century Community Learning Centers Passed-Through Illinois State Board of Education <i>Twenty-First Century Community Learning Centers</i>	84.287C	2010-4421-10	78,375
Reading First State Grants Passed-Through Illinois State Board of Education <i>Title I- Reading First Part B SEA</i>	84.357A	2010-4337-00	358
English Language Acquisition Grants Passed-Through Illinois State Board of Education <i>ELL Professional Development</i>	84.365A	2010-4999-PD	4,000

The accompanying notes are an integral part of this schedule.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010**

**SCHEDULE 12
 (CONTINUED)**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2010 Expenditures
OTHER PROGRAMS: (Continued)			
<u>DEPARTMENT OF EDUCATION (Continued)</u>			
Safe and Drug-Free Schools and Communities State Grants Passed-Through Illinois Department of Human Services <i>Teen Reach Grant</i>	84.186	82001440H	<u>40,000</u>
Title I Grants to Local Educational Agencies Passed-Through Iroquois/Kankakee Regional Office of Education No. 32 <i>Title I School Improvement and Accountability</i>	(M) 84.010A	10-4331-SS	<u>425,406</u>
Education for Homeless Children and Youth Passed-Through Iroquois/Kankakee Regional Office of Education No. 32 <i>McKinney-Vento Homeless Children and Youth Program</i>	84.196A	10-4920-00	<u>21,514</u>
Improving Teacher Quality State Grants Passed-Through Iroquois/Kankakee Regional Office of Education No. 32 <i>Teacher Quality</i>	84.367A	10-4935-SS	<u>61,647</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 671,050</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Teen Reach Grant</i>	93.558	82001440H	<u>109,980</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 109,980</u>
<u>DEPARTMENT OF LABOR</u>			
WIA Youth Activities Passed-Through Champaign Consortium <i>WIA Youth Program</i>	17.259	09-1YS-9003-SYEP	<u>126,055</u>
TOTAL DEPARTMENT OF LABOR			<u>\$ 126,055</u>
TOTAL OTHER PROGRAMS			<u>\$ 907,085</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,027,664</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Description of Federal Programs Audited as a Major Program

Title I Grants to Local Educational Agencies - School Improvement and Accountability - This program provides area schools/districts with assistance in meeting school improvement needs as they address the requirements of No Child Left Behind program. Priority is given to schools whose students have not met adequate yearly progress for at least two years in Math and Reading.

Note 3. Subrecipients

The ROE No. 9 provided federal awards totaling \$156,970 to the following:

Subrecipients	Title I School Improvement & Accountability (CFDA No. 84.010A)	Teacher Quality (CFDA No. 84.367A)	Total
Urbana District No. 116	\$ 52,349	\$ 199	\$ 52,548
Danville District No. 118	42,250	4,334	46,584
Champaign CUSD No. 4	13,164	-	13,164
Various school districts	28,437	16,237	44,674
Total	\$ 136,200	\$ 20,770	\$ 156,970

Note 4. Non-Cash Assistance

The ROE No. 9 did not receive any federal non-cash assistance.

Note 5. Loans and Insurance

There were no federal awards received or disbursed by the ROE No. 9 for the purpose of loans or insurance.