

State of Illinois
LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2010

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47

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LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47

OFFICIALS

Regional Superintendent
(current and during the audit period)

Honorable Amy Jo Clemens

Assistant Regional Superintendent
(current and during the audit period)

Mr. Paul McMahon

Office is located at:

7772 Clinton St.
Dixon, IL 61021

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

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

10-1	12-13	Controls Over Financial Statement Preparation	Significant Deficiency
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FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

09-2	16	Inadequate Controls Over Subrecipient Monitoring	Significant Deficiency
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**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47**

COMPLIANCE REPORT SUMMARY

EXIT CONFERENCE

The Lee/Ogle Counties Regional Office of Education No. 47 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2010. Throughout the audit, numerous meetings were held between auditors and ROE officials to discuss the matters contained in this audit report. Responses to the recommendations were provided by Honorable Amy Jo Clemens, Regional Superintendent, on May 18, 2011.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
FINANCIAL STATEMENT REPORT SUMMARY**

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

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



**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

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 Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2010, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of June 30, 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 our report dated June 27, 2011 on our consideration of Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 17 through 30 and 64 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements. The accompanying supplemental information, such as the combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Lee/Ogle Counties Regional Office of Education No. 47. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wendy Palm & Foster, CPA PC

Clinton, Iowa
June 27, 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 Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2010, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements and have issued our report thereon dated June 27, 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 Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in finding 10-1 in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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

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

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

Wendy Palm & Foster, CPA PC

Clinton, Iowa
June 27, 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 Lee/Ogle Counties Regional Office of Education No. 47'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 Lee/Ogle Counties Regional Office of Education No. 47's major federal programs for the year ended June 30, 2010. The Lee/Ogle Counties Regional Office of Education No. 47's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express an opinion on the Lee/Ogle Counties Regional Office of Education No. 47's compliance based on our audit.

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

In our opinion, the Lee/Ogle Counties Regional Office of Education No. 47 complied, in all material respects, with the 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 Lee/Ogle Counties Regional Office of Education No. 47 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Lee/Ogle Counties Regional Office of Education No. 47's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 Lee/Ogle Counties Regional Office of Education No. 47'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 organization, the Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wendy Palm & Foster, CPA PC

Clinton, Iowa
June 27, 2011

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: _____ Unqualified _____

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.196A</u>	<u>McKinney Education for Homeless Children</u>
<u>84.387A</u>	<u>ARRA - McKinney Education for Homeless Children</u>
<u>84.366B</u>	<u>Mathematics and Science Partnership</u>
_____	_____
_____	_____

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

FINDING NO. 10-1 - Controls Over Financial Statement Preparation (Repeat from 2009 - No. 09-1)

Criteria/Specific Requirement:

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

Condition:

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

Effect:

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

Cause:

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

FINDING NO. 10-1 - Controls Over Financial Statement Preparation (Repeat from 2009 - No. 09-1) (Continued)

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 47 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Section III: Findings and Questioned Costs for Federal Awards:

NONE

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2010**

FINDING NO. 10-1 - Controls Over Financial Statement Preparation (Repeat from 2009 - No. 09-1)

Condition:

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

Plan:

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

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Amy Jo Clemens, Regional Superintendent

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2010**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
09-1	Controls Over Financial Statement Preparation	Repeated
09-2	Inadequate Controls Over Subrecipient Monitoring	Resolved

Management's Discussion and Analysis

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Lee/Ogle Counties Regional Office of Education No. 47 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with Lee/Ogle Counties Regional Office of Education No. 47's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$631,459 in fiscal year 2009 to \$664,845 in fiscal year 2010, while General Fund expenditures increased from \$572,815 in fiscal year 2009 to \$634,602 in fiscal year 2010. The reason for the change is primarily due to an increase in on-behalf payments.
- Education Fund revenues increased from \$1,779,084 in fiscal year 2009 to \$2,150,517 in fiscal year 2010. Expenses also increased from \$1,799,298 in fiscal year 2009 to \$2,344,248 in fiscal year 2010. The increase in revenues and expenses in the Education Fund is due to increased programming and increased ARRA flow-through funds.
- Institute Fund revenues slightly increased from \$24,997 in fiscal year 2009 to \$25,104 in fiscal year 2010. Expenses in the Institute Fund decreased from \$54,977 in fiscal year 2009 to \$17,583 in fiscal year 2010. This decrease in expenses was primarily due to recovering to regular levels of expenses after the October 2008 regional institute.
- Enterprise Fund revenues decreased from \$119,762 in fiscal year 2009 to \$113,615 in fiscal year 2010. This decrease was primarily due to fewer participants in our summer workshops. Enterprise Fund expenses slightly decreased from \$119,891 in fiscal year 2009 to \$117,083 in fiscal year 2010.
- Government-wide revenues increased by approximately 25% from \$2,583,441 in fiscal year 2009 to \$3,239,730 in fiscal year 2010. Government-wide expenses increased by approximately 18% from \$2,599,473 in fiscal year 2009 to \$3,060,149 in fiscal year 2010.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Lee/Ogle Counties

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Regional Office of Education No. 47 as a whole and present an overall view of Lee/Ogle Counties Regional Office of Education No. 47's finances.

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

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

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

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

**Figure A-1
Major Features of the Government-wide and Fund Financial Statements**

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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

Government-wide Financial Statements

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

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

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

- *Governmental activities:* Most of Lee/Ogle Counties Regional Office of Education No. 47's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* Lee/Ogle Counties Regional Office of Education No. 47 charges fees to help cover the costs of certain services it provides. Lee/Ogle Counties Regional Office of Education No. 47's business-type activities can be found on pages 38-40.

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
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June 30, 2010**

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Lee/Ogle Counties Regional Office of Education No. 47, assets exceeded liabilities by \$660,719 as of June 30, 2010.

A portion of Lee/Ogle Counties Regional Office of Education No. 47's net assets (19%) reflects its investment in capital assets (e.g., furniture and equipment).

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

The following table presents a summary of Lee/Ogle Counties Regional Office of Education No. 47's net assets for the fiscal year ended June 30, 2010 and 2009.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

<u>2010</u>	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 705,110	\$ 70,691	\$ 775,801
Capital assets, net of accumulated depreciation	<u>128,360</u>	<u>-</u>	<u>128,360</u>
Total assets	<u>833,470</u>	<u>70,691</u>	<u>904,161</u>
Current liabilities	<u>243,342</u>	<u>100</u>	<u>243,442</u>
Net assets			
Invested in capital assets	128,360	-	128,360
Unrestricted	423,211	70,591	493,802
Restricted for teacher professional development	<u>38,557</u>	<u>-</u>	<u>38,557</u>
Total net assets	<u>\$ 590,128</u>	<u>\$ 70,591</u>	<u>\$ 660,719</u>
 <u>2009</u>			
	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 590,667	\$ 74,059	\$ 664,726
Capital assets, net of accumulated depreciation	<u>41,659</u>	<u>-</u>	<u>41,659</u>
Total assets	<u>632,326</u>	<u>74,059</u>	<u>706,385</u>
Current liabilities	<u>225,247</u>	<u>-</u>	<u>225,247</u>
Net assets			
Invested in capital assets	41,659	-	41,659
Unrestricted	334,384	74,059	408,443
Restricted for teacher professional development	<u>31,036</u>	<u>-</u>	<u>31,036</u>
Total net assets	<u>\$ 407,079</u>	<u>\$ 74,059</u>	<u>\$ 481,138</u>

The largest portion of Lee/Ogle Counties Regional Office of Education No. 47's net assets is unrestricted. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net assets were \$493,802 at year end. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
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Changes in net assets. Lee/Ogle Counties Regional Office of Education No. 47's total revenue for the fiscal year ended June 30, 2010 was \$3,239,730. The total cost of all programs and services was \$3,060,149. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and 2009.

<u>2010</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 113,615	\$ 113,615
Operating grants and contributions	2,225,598	-	2,225,598
General revenues			
Local sources	384,301	-	384,301
State sources	83,414	-	83,414
On-behalf payment	<u>432,802</u>	<u>-</u>	<u>432,802</u>
Total revenues	<u>3,126,115</u>	<u>113,615</u>	<u>3,239,730</u>
Expenses:			
Education			
Salaries	879,528	1,570	881,098
Benefits	131,027	-	131,027
Purchased services	615,552	112,033	727,585
Supplies and materials	144,782	2,920	147,702
Depreciation	32,264	-	32,264
Payments to other governments	706,692	-	706,692
Capital outlay	419	560	979
Administrative			
On-behalf payments	<u>432,802</u>	<u>-</u>	<u>432,802</u>
Total expenses	<u>2,943,066</u>	<u>117,083</u>	<u>3,060,149</u>
Change in net assets	183,049	(3,468)	179,581
Net assets, beginning	<u>407,079</u>	<u>74,059</u>	<u>481,138</u>
Net assets, ending	<u>\$ 590,128</u>	<u>\$ 70,591</u>	<u>\$ 660,719</u>

Operating grants and contributions account for 69% of the total revenue. Lee/Ogle Counties Regional Office of Education No. 47's expenses primarily relate to education, which account for 86% of the total expenses.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Governmental Activities

Revenues for governmental activities were \$3,126,115 and \$2,463,679 and expenses were \$2,943,066 and \$2,479,582 for 2010 and 2009, respectively.

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

2010

	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries	\$ 879,528	\$ (125,773)
Benefits	131,027	(18,737)
Purchased services	615,552	(88,024)
Supplies and materials	144,782	(20,704)
Depreciation	32,264	(32,264)
Payments to other governments	706,692	(101,057)
Capital outlay	419	101,893
Administrative		
On-behalf payments	<u>432,802</u>	<u>(432,802)</u>
Total expenses	<u>\$ 2,943,066</u>	<u>\$(717,468)</u>

2009

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

- The cost of all governmental activities was \$2,943,066 and \$2,479,582 for 2010 and 2009, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$2,225,598 and \$1,818,797 for 2010 and 2009, respectively.

Net cost of governmental activities (\$717,468), was financed by general revenues, which are made up of primarily local sources (\$384,301), state sources (\$83,414), and on-behalf payments (\$432,802) for 2010.

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

Business-Type Activities

Revenues for business-type activities were \$113,615 and \$119,762 and expenses were \$117,083 and \$119,891 for 2010 and 2009, respectively. Lee/Ogle Counties Regional Office of Education No. 47's business-type activities include the School Improvement Plan (SIP) and the Workshops Fund. Revenues of these activities were comprised of charges for service and local reimbursements.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of Lee/Ogle Counties Regional Office of Education No. 47 as a whole is reflected in its governmental funds, as well. As Lee/Ogle Counties Regional Office of Education No. 47 completed the year, its governmental funds reported a combined fund balance of \$207,051, below last year's ending fund balances of \$365,420.

Governmental Fund Highlights

The General Fund fund balance increased from \$317,572 in 2009 to \$347,815 in 2010. The increase in fund balance was small in comparison to expenditures of \$634,602. The General Fund fund balance increase was mostly attributable to increases from on-behalf payments.

The Education Fund fund balance decreased from \$10,658 in 2009 to \$(183,073) in 2010. The Education Fund is primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase. Additionally, in fiscal year 2010 there were approximately \$254,717 of receivables that were received after 60 days after year end. These revenues are not recognized in the governmental fund financial statements, as they are not considered available. Over the various programs that make up the fund, total expenditures exceeded revenues by \$193,731 thus lowering the fiscal year 2009 balance from \$10,658 to \$(183,073) in fiscal year 2010.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Proprietary Fund Highlights

Enterprise Fund net assets slightly decreased from \$74,059 at June 30, 2009 to \$70,591 at June 30, 2010. The School Improvement Plan's (SIP) assets are primarily made up of funds the Regional Office receives for providing professional development activities to the districts which are based on their school improvement plans. The Workshop Fund's assets are primarily made up of funds the Regional Office receives for providing professional development to individual teachers. These teachers use these activities to satisfy their certificate renewal requirements.

The Enterprise Fund revenues have decreased from \$119,762 in fiscal year 2009 to \$113,615 in fiscal year 2010. Revenue in the Enterprise Fund is largely dependent on participation in the ROE workshops, which varies from year to year.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS

As of June 30, 2010, Lee/Ogle Counties Regional Office of Education No. 47 had invested \$128,360 in capital assets, including furniture and equipment. This is an increase from \$41,659 invested in capital assets, including furniture and equipment on June 30, 2009. Total depreciation expense for the year was \$32,264.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2010.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 128,360	\$ -	\$ 128,360

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

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

Additional information on Lee/Ogle Counties Regional Office of Education No. 47's capital assets can be found in Note 4 on page 53 of this report.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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

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

The State is not distributing funds in compliance with our signed grant agreements even though required services are rendered by Lee/Ogle ROE. As the State budget crisis deepens, this "delay" in payments will continue to jeopardize our ability to serve our communities as needed.

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

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

BASIC FINANCIAL STATEMENTS

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 196,840	\$ 67,266	\$ 264,106
Prepaid expenses	260	-	260
Due from other governments	508,010	3,425	511,435
Total current assets	705,110	70,691	775,801
Non-current assets:			
Capital assets, being depreciated, net	128,360	-	128,360
Total assets	833,470	70,691	904,161
LIABILITIES			
Current liabilities:			
Accounts payable	200,081	100	200,181
Due to other governments	6,409	-	6,409
Deferred revenue	36,852	-	36,852
Total current liabilities	243,342	100	243,442
NET ASSETS			
Invested capital assets	128,360	-	128,360
Unrestricted	423,211	70,591	493,802
Restricted for teacher professional development	38,557	-	38,557
Total net assets	\$ 590,128	\$ 70,591	\$ 660,719

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Primary Government		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:						
Governmental activities:						
Education:						
Salaries	\$ 879,528	\$ -	\$ 753,755	\$ (125,773)	\$ -	\$ (125,773)
Benefits	131,027	-	112,290	(18,737)	-	(18,737)
Purchased services	615,552	-	527,528	(88,024)	-	(88,024)
Supplies and materials	144,782	-	124,078	(20,704)	-	(20,704)
Depreciation	32,264	-	-	(32,264)	-	(32,264)
Payments to other governments	706,692	-	605,635	(101,057)	-	(101,057)
Capital outlay	419	-	102,312	101,893	-	101,893
Administrative:						
On-behalf payments	<u>432,802</u>	-	-	(432,802)	-	(432,802)
Total governmental activities	2,943,066	-	2,225,598	(717,468)	-	(717,468)
Business-type activities:						
Other	<u>117,083</u>	<u>113,615</u>	-	-	(3,468)	(3,468)
Total primary government	<u>\$ 3,060,149</u>	<u>\$ 113,615</u>	<u>\$ 2,225,598</u>	<u>(717,468)</u>	<u>(3,468)</u>	<u>(720,936)</u>
General revenues:						
Local sources				384,301	-	384,301
State sources				83,414	-	83,414
On-behalf payments				<u>432,802</u>	-	<u>432,802</u>
Total general revenue				<u>900,517</u>	<u>-</u>	<u>900,517</u>
CHANGES IN NET ASSETS				183,049	(3,468)	179,581
NET ASSETS, BEGINNING OF YEAR				<u>407,079</u>	<u>74,059</u>	<u>481,138</u>
NET ASSETS, END OF YEAR				<u>\$ 590,128</u>	<u>\$ 70,591</u>	<u>\$ 660,719</u>

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2010

EXHIBIT C

	<u>General</u> <u>Fund</u>	<u>Education</u> <u>Fund</u>	<u>Institute</u> <u>Fund</u>	<u>Other</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 55,130	\$ 102,922	\$ 35,129	\$ 3,659	\$ 196,840
Prepaid expenses	260	-	-	-	260
Due from other governments	84,673	412,371	3,428	7,538	508,010
Due from other funds	<u>281,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,067</u>
TOTAL ASSETS	<u>\$ 421,130</u>	<u>\$ 515,293</u>	<u>\$ 38,557</u>	<u>\$ 11,197</u>	<u>\$ 986,177</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 1,162	\$ 197,806	\$ -	\$ 1,113	\$ 200,081
Due to other governments	-	6,409	-	-	6,409
Due to other funds	36,769	241,845	-	2,453	281,067
Deferred revenue	<u>35,384</u>	<u>252,306</u>	<u>-</u>	<u>3,879</u>	<u>291,569</u>
Total liabilities	<u>73,315</u>	<u>698,366</u>	<u>-</u>	<u>7,445</u>	<u>779,126</u>
FUND BALANCE (DEFICIT)					
Unreserved, reported in:					
General fund	347,815	-	-	-	347,815
Special revenue funds	<u>-</u>	<u>(183,073)</u>	<u>38,557</u>	<u>3,752</u>	<u>(140,764)</u>
Total fund balance (deficit)	<u>347,815</u>	<u>(183,073)</u>	<u>38,557</u>	<u>3,752</u>	<u>207,051</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 421,130</u>	<u>\$ 515,293</u>	<u>\$ 38,557</u>	<u>\$ 11,197</u>	<u>\$ 986,177</u>

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Total fund balance of governmental funds (page 34)	\$	207,051
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		128,360
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		<u>254,717</u>
Net assets of governmental activities (page 32)	\$	<u>590,128</u>

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2010

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
REVENUES:					
Local sources	\$ 194,043	\$ 115,631	\$ 25,104	\$ 28,029	\$ 362,807
State sources	38,000	828,435	-	2,903	869,338
Federal sources	-	1,206,451	-	-	1,206,451
On-behalf payments	432,802	-	-	-	432,802
Total revenues	<u>664,845</u>	<u>2,150,517</u>	<u>25,104</u>	<u>30,932</u>	<u>2,871,398</u>
EXPENDITURES:					
Education:					
Salaries	38,939	828,520	-	12,069	879,528
Benefits	8,683	121,194	-	1,150	131,027
Purchased services	139,961	442,148	17,483	15,960	615,552
Supplies and materials	13,362	127,165	100	4,155	144,782
Payments to other governments	125	706,567	-	-	706,692
On-behalf payments	432,802	-	-	-	432,802
Capital outlay	730	118,654	-	-	119,384
Total expenditures	<u>634,602</u>	<u>2,344,248</u>	<u>17,583</u>	<u>33,334</u>	<u>3,029,767</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	30,243	(193,731)	7,521	(2,402)	(158,369)
FUND BALANCE, BEGINNING OF YEAR	<u>317,572</u>	<u>10,658</u>	<u>31,036</u>	<u>6,154</u>	<u>365,420</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 347,815</u>	<u>\$ (183,073)</u>	<u>\$ 38,557</u>	<u>\$ 3,752</u>	<u>\$ 207,051</u>

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

Net change in fund balance (deficit) (page 36) **\$ (158,369)**

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as
expenditures. However, in the Statement of
Activities the cost of those assets is allocated
over their estimated useful lives and reported
as depreciation expense.

Capital outlay	\$ 118,965	
Depreciation expense	<u>(32,264)</u>	86,701

Some receivables will not be collected for several
months after the fiscal year end, so they are
not considered as "available" revenues in the
governmental funds, and they are instead
counted as deferred revenues. They are,
however, recorded as revenues in the
Statement of Activities.

254,717

Change in net assets of governmental activities (page 33) **\$ 183,049**

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2010

	Business-Type Activities - Enterprise Funds		
	School Improvement <u>Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
	ASSETS		
Current assets:			
Cash and cash equivalents	\$ 8,664	\$ 58,602	\$ 67,266
Due from other governments	-	<u>3,425</u>	<u>3,425</u>
Total current assets	8,664	62,027	70,691
LIABILITIES			
Accounts payable	<u>-</u>	<u>100</u>	<u>100</u>
NET ASSETS			
Unrestricted	<u>\$ 8,664</u>	<u>\$ 61,927</u>	<u>\$ 70,591</u>

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	School Improvement <u>Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 41,181	\$ 72,434	\$ 113,615
Operating expenses:			
Education:			
Salaries	-	1,570	1,570
Purchased services	47,284	64,749	112,033
Supplies and materials	2,543	377	2,920
Capital outlay	-	560	560
Total operating expenses	49,827	67,256	117,083
Operating income (loss)	(8,646)	5,178	(3,468)
Net assets, beginning of year	17,310	56,749	74,059
Net assets, end of year	\$ 8,664	\$ 61,927	\$ 70,591

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	School Improvement Plan (SIP)	Workshops	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from workshops and services	\$ 41,181	\$ 70,300	\$ 111,481
Payments to suppliers and providers of goods and services	(42,528)	(65,456)	(107,984)
Payments to employees	-	(1,570)	(1,570)
Net cash provided by (used in) operating activities	<u>(1,347)</u>	<u>3,274</u>	<u>1,927</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,347)	3,274	1,927
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,011</u>	<u>55,328</u>	<u>65,339</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,664</u>	<u>\$ 58,602</u>	<u>\$ 67,266</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (8,646)	\$ 5,178	\$ (3,468)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Decrease in prepaid expenses	7,299	130	7,429
Increase in due from other governments	-	(2,134)	(2,134)
Increase in accounts payable	-	100	100
	<u>7,299</u>	<u>(1,904)</u>	<u>5,395</u>
Net cash provided by (used in) operating activities	<u>\$ (1,347)</u>	<u>\$ 3,274</u>	<u>\$ 1,927</u>

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	<u>Private- Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Current assets:		
Cash	\$ 27,559	\$ 799
Due from other governmental agencies	-	355,280
	<hr/>	<hr/>
TOTAL ASSETS	27,559	356,079
LIABILITIES		
Current liabilities:		
Due to other governmental agencies	-	356,079
	<hr/>	<hr/>
NET ASSETS		
Unrestricted		
Held in trust for other purposes	\$ 27,559	\$ -
	<hr/>	<hr/>

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2010

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lee/Ogle Counties Regional Office of Education No. 47 was formed under the provisions of the State of Illinois, Illinois State Board of Education. The Lee/Ogle Counties Regional Office of Education No. 47 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education No. 47 encompasses Lee/Ogle Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

Reporting Entity

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

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

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the activities of Lee/Ogle Counties Regional Office of Education No. 47. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

The Statement of Net Assets presents Lee/Ogle Counties Regional Office of Education No. 47's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for any debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

Title I - Reading First Part B SEA Funds - this program provides professional development to elementary teachers using research-based reading programs and interventions.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Fingerprinting - used to account for resources accumulated for, and payment of, expenses of providing criminal background checks.

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

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

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

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

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

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

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

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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.

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

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

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

Under the terms of grant agreements, Lee/Ogle Counties Regional Office of Education No. 47 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Lee/Ogle Counties Regional Office of Education No. 47's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Assets, Liabilities and Fund Equity

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

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

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

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

Capital assets - Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by Lee/Ogle Counties Regional Office of Education No. 47 as assets with estimated useful lives in excess of one year and an original cost in excess of \$500. Capital assets are depreciated using the straight line method over 5 - 7 years.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted net assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Budgets and Budgetary Accounting

Lee/Ogle Counties Regional Office of Education No. 47 did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2010; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, Illinois State Board of Education, a granting agent, requires budgets for certain program money. For the year ended June 30, 2010, a budgetary comparison schedule is presented for the following grant funds: ROE Operations, Mathematics and Science Partnership, McKinney Education for Homeless Children, Truants Alternative Education, English Language, Teacher Mentoring Pilot Program, Pre-School For All Program, Early Childhood Block Grant, Regional Safe Schools Program, Title I - Migrant Education, Gifted Education, and Title I - Reading First Part B SEA Funds.

Subsequent Events

Management has evaluated subsequent events through June 27, 2011, the date the financial statements were available to be issued.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 2 - DEPOSITS

Deposits

At June 30, 2010, the carrying amount of the Regional Office of Education No. 47's deposits were \$292,464 (net of cash overdrafts) and the bank balance was \$694,565.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, Lee/Ogle Counties Regional Office of Education No. 47's deposits may not be returned. Lee/Ogle Counties Regional Office of Education No. 47 does not have a deposit policy for custodial credit risk. As of June 30, 2010, all of Lee/Ogle Counties Regional Office of Education No. 47's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Lee/Ogle Counties Regional Office of Education No. 47's name.

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

	<u>Carrying Amount</u>
Cash - Primary Government	\$ 264,106
Cash - Private-Purpose Trust	27,559
Cash - Agency	<u>799</u>
Total	<u>\$ 292,464</u>

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 3 - ON-BEHALF PAYMENTS

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

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

Regional Superintendent - salary	\$ 96,435
Regional Superintendent - benefits (includes state paid insurance)	22,648
Assistant Regional Superintendent - salary	86,791
Assistant Regional Superintendent - benefits (includes state paid insurance)	19,519
TRS on-behalf payments	154,309
THIS on-behalf payments	5,544
Lee County on-behalf payments	25,046
Ogle County on-behalf payments	<u>22,510</u>
Total on-behalf payments	<u>\$ 432,802</u>

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

NOTE 4 - CAPITAL ASSETS

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

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Governmental activities:				
Furniture and equipment	\$ 500,213	\$ 118,965	\$ -	\$ 619,178
Less accumulated depreciation	<u>(458,554)</u>	<u>(32,264)</u>	<u>-</u>	<u>(490,818)</u>
Total capital assets, net	<u>\$ 41,659</u>	<u>\$ 86,701</u>	<u>\$ -</u>	<u>\$ 128,360</u>

Depreciation expense was charged as follows:

Governmental activities:

Education:

Depreciation expense	<u>\$ 32,264</u>
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**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5 - EMPLOYEE BENEFIT PLAN

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

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

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

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

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

Illinois Municipal Retirement Plan

Plan Description. The Regional Office of Education's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 5.61 percent of annual covered payroll. The Regional Office of Education also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Annual Pension Cost. For fiscal year ending December 31, 2009, the Regional Office of Education's annual pension cost of \$13,590 for the Regular plan was equal to the Regional Office of Education's required and actual contributions.

TREND INFORMATION			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 13,590	100%	\$ -
12/31/08	16,011	100%	-
12/31/07	18,570	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 Regional Office of Education Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Regional Office of Education Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 5 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 87.77 percent funded. The actuarial accrued liability for benefits was \$320,872 and the actuarial value of assets was \$281,643, resulting in an underfunded actuarial accrued liability (UAAL) of \$39,229. The covered payroll (annual payroll of active employees covered by the plan) was \$242,241 the ratio of the UAAL to the covered payroll was 16 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 Required Supplemental Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 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 Lee/Ogle Counties Regional Office of Education No. 47's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 47. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 47 recognized revenue and expenditures of \$154,309 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 (\$70,842) and 13.11 percent (\$47,866), respectively.

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

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$2,765. Contributions for the years ending June 30, 2009 and June 30, 2008 were \$2,406 and \$2,118, respectively.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - RETIREMENT PLANS (CONTINUED)

- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 47, there is a statutory requirement for the Regional Office of Education No. 47 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate for 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 pension contribution was 17.08 and 13.11 percent of salaries paid from federal and special trusts funds, respectively. For the year ended June 30, 2010, salaries totaling \$98,833 were paid from federal and special trust funds that required employer contributions of \$23,107. For the years ended June 30, 2009 and 2008, required ROE contributions were \$1,290 and \$9,582, respectively.

- **Early Retirement Option.** Lee/Ogle Counties Regional Office of Education No. 47 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. 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 have 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. For the years ended June 30, 2010, June 30, 2009 and June 30, 2008, the Regional Office Education No. 47 paid no ERO contributions.
- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases up to 6 percent. For the years ended June 30, 2010, June 30, 2009, and June 30, 2008, the Regional Office of Education No. 47 did not make any contributions to TRS for salary increases in excess of 6 percent.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - RETIREMENT PLANS (CONTINUED)

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010). For the years ended June 30, 2010, June 30, 2009, and June 30, 2008, the Regional Office of Education No. 47 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 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, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

Teachers Health Insurance Security Fund

The Regional Office of Education No. 47 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

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

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.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 6 - RETIREMENT PLANS (CONTINUED)

- **On-behalf Contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 47. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$5,544, and the Regional Office of Education No. 47 recognized revenue and expenditures of this amount during the year. Had the Regional Office of Education No. 47 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 \$5,023 and \$4,786, respectively.
- **Employer Contributions.** The Regional Office of Education No. 47 also makes contributions to THIS Fund. The employer THIS fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the Regional Office of Education No. 47 paid \$3,004 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education No. 47 paid \$2,613 and \$2,300 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. Grant Ave., Springfield, IL 62763-3838.

NOTE 7 - DISTRIBUTIVE FUND INTEREST DISPOSITION

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

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS

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

Due From Other Governments	
General Fund	
ROE Operations	
Illinois State Board of Education	\$ 36,769
Local Fund	
Other local entities	47,904

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS (CONTINUED)

Education Fund	
Illinois Family Violence Coordinating Council	
Local Government	\$ 9,868
Mathematics and Science Partnership	
Illinois State Board of Education	3,183
Learning Improvement through Non-Traditional Curriculum (LINC)	
Local Government	2,159
Truants Alternative Education	
Illinois State Board of Education	90,685
Teacher Mentoring Pilot Program	
Illinois State Board of Education	61,572
Preschool for All Monitoring	
Illinois State Board of Education	4,341
Social Emotional Learning	
Local Government	22,775
Regional System of Support Providers	
Local Government	240
Preschool For All Program	
Illinois State Board of Education	41,141
Early Childhood Block Grant	
Illinois State Board of Education	12,237
Alternative Learning Opportunity Program - General State Aid	
Local Government	7,500
Regional Safe Schools	
Illinois State Board of Education	95,376
Title I - Migrant Education	
Illinois State Board of Education	29,014
Illinois New Principal Mentoring	
Local Government	13,750
National School Lunch	
Illinois State Board of Education	1,021
State Free Lunch and Breakfast	
Illinois State Board of Education	40
School Breakfast Program	
Illinois State Board of Education	517
Title I - Reading First Part B SEA Funds	
Illinois State Board of Education	16,952
Institute Fund	
Other local entities	3,428
Nonmajor Special Revenue	
General Educational Development	
Other local entities	7,387

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS (CONTINUED)

Fingerprinting		\$ 151
Other local entities		
Proprietary Funds		
Workshops		
Other local entities		3,425
Agency Funds		
Distributive Fund		
Illinois State Board of Education		<u>355,280</u>
Total		<u>\$ 866,715</u>
Due To Other Governments		
Education Fund		
McKinney Education for Homeless Children		<u>\$ 6,409</u>

NOTE 9 - DUE FROM/TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2010 is as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
ROE Operations	\$ -	\$ 36,769
Local Fund	281,067	-
Education Fund		
Illinois Family Violence Coordinating Council	-	9,429
Mathematics and Science Partnership	-	729
Learning Improvement Through Non-Traditional Curriculum (LINC)	-	1,926
Truants Alternative Education	-	80,431
Teacher Mentoring Pilot Program	-	36,919
Preschool for All Monitoring	-	4,234
Social Emotional Learning	-	17,881
Pre-School For All Program	-	41,141
Early Childhood Block Grant	-	12,237
Title I - Migrant Education	-	8,513
Illinois New Principal Mentoring	-	13,750
State Free Lunch and Breakfast	-	81
Title I - Reading First Part B SEA Funds	-	14,574
Nonmajor Special Revenue Funds		
GED Fund	-	670
Fingerprinting	-	1,783
Totals	<u>\$ 281,067</u>	<u>\$ 281,067</u>

These balances result from interfund loans. Repayment will be made from future revenues.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 10 - DEFICIT FUND BALANCE

At June 30, 2010, the following funds had a deficit fund balances. They are expected to correct themselves in 2011, through payments from applicable sources and transfers from local funds.

General Fund	
ROE Operations	\$ (24,769)
Education Fund	
McKinney Education for Homeless Children	(1)
Learning Improvement Through Non-Traditional Curriculum	(671)
Truants Alternative Education	(60,621)
Teacher Mentoring Pilot Program	(43,872)
Social Emotional Learning	(88)
Preschool For All Program	(25,141)
Early Childhood Block Grant	(5,237)
Regional Safe Schools Program	(63,583)
Illinois New Principal Mentoring	(10,000)
State Free Lunch and Breakfast	(162)
School Breakfast Program	(159)
Title I - Reading First Part B SEA Funds	(1,522)
Other Non-major Funds	
Fingerprinting	(1,872)

NOTE 11 - RISK MANAGEMENT

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

NOTE 12 - NEW PRONOUNCEMENTS

In 2010, Lee/Ogle Counties Regional Office of Education No. 47 adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The Regional Office of Education No. 47 implemented these standards during the current year; however, there was no significant impact of the implementation of GASB No. 45, 51, 53, and 58 on the financial statements.

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

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 SCHEDULE OF FUNDING PROGRESS -
 ILLINOIS MUNICIPAL RETIREMENT FUND (Unaudited)
 June 30, 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	\$ 281,643	\$ 320,872	\$ 39,229	87.77%	\$ 242,241	16.19%
12/31/08	251,437	278,286	26,849	90.35%	195,014	13.77%
12/31/07	239,356	218,276	(21,080)	109.66%	184,409	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$276,266.
 On a market basis, the funded ratio would be 86.10%.

SUPPLEMENTAL INFORMATION

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2010

	<u>ROE</u> <u>Operations</u>	<u>Local</u> <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 55,130	\$ 55,130
Prepaid expenses	-	260	260
Due from other governments	36,769	47,904	84,673
Due from other funds	-	281,067	281,067
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 36,769</u>	<u>\$ 384,361</u>	<u>\$ 421,130</u>
LIABILITIES AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts payable	\$ -	\$ 1,162	\$ 1,162
Due to other funds	36,769	-	36,769
Deferred revenue	24,769	10,615	35,384
Total liabilities	<u>61,538</u>	<u>11,777</u>	<u>73,315</u>
FUND BALANCE (DEFICIT), UNRESERVED	<u>(24,769)</u>	<u>372,584</u>	<u>347,815</u>
TOTAL LIABILITIES AND FUND BALANCE, UNRESERVED	<u>\$ 36,769</u>	<u>\$ 384,361</u>	<u>\$ 421,130</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2010

	<u>ROE</u> <u>Operations</u>	<u>Local</u> <u>Fund</u>	<u>Total</u>
REVENUES:			
Local sources	\$ -	\$ 194,043	\$ 194,043
State sources	38,000	-	38,000
On-behalf payments	432,802	-	432,802
	<hr/>	<hr/>	<hr/>
Total revenues	470,802	194,043	664,845
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Education:			
Salaries	18,575	20,364	38,939
Benefits	2,029	6,654	8,683
Purchased services	42,794	97,167	139,961
Supplies and materials	1,183	12,179	13,362
Payments to other governments	-	125	125
On-behalf payments	432,802	-	432,802
Capital outlay	-	730	730
	<hr/>	<hr/>	<hr/>
Total expenditures	497,383	137,219	634,602
	<hr/>	<hr/>	<hr/>
NET CHANGE IN			
FUND BALANCE (DEFICIT)	(26,581)	56,824	30,243
FUND BALANCE,			
BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	1,812	315,760	317,572
	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT),			
END OF YEAR	<hr/>	<hr/>	<hr/>
	\$ (24,769)	\$ 372,584	\$ 347,815
	<hr/>	<hr/>	<hr/>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2010

	ROE Operations Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
State sources	\$ 39,863	\$ 62,769	\$ 38,000	\$ (24,769)
On-behalf payments	-	-	432,802	432,802
Total revenues	39,863	62,769	470,802	408,033
EXPENDITURES:				
Education:				
Salaries	34,750	22,715	18,575	4,140
Benefits	695	3,126	2,029	1,097
Purchased services	3,812	36,178	42,794	(6,616)
Supplies and materials	606	750	1,183	(433)
On-behalf payments	-	-	432,802	(432,802)
Total expenditures	39,863	62,769	497,383	(434,614)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	(26,581)	\$ (26,581)
FUND BALANCE, BEGINNING OF YEAR			1,812	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (24,769)	

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2010

	Illinois Family Violence Coordinating <u>Council</u>	Mathematics and Science <u>Partnership</u>	Rural Education Achievement <u>Program</u>	McKinney Education for Homeless <u>Children</u>	Learning Improvement Through Non- Traditional Curriculum <u>(LINC)</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 48,931	\$ -
Due from other governments	9,868	3,183	-	-	2,159
TOTAL ASSETS	<u>\$ 9,868</u>	<u>\$ 3,183</u>	<u>\$ -</u>	<u>\$ 48,931</u>	<u>\$ 2,159</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 383	\$ -	\$ -	\$ 24,305	\$ 904
Due to other governments	-	-	-	6,409	-
Due to other funds	9,429	729	-	-	1,926
Deferred revenue	-	2,343	-	18,218	-
Total liabilities	<u>9,812</u>	<u>3,072</u>	<u>-</u>	<u>48,932</u>	<u>2,830</u>
FUND BALANCE (DEFICIT)					
Unreserved	<u>56</u>	<u>111</u>	<u>-</u>	<u>(1)</u>	<u>(671)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 9,868</u>	<u>\$ 3,183</u>	<u>\$ -</u>	<u>\$ 48,931</u>	<u>\$ 2,159</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2010

SCHEDULE 4
 (CONTINUED)

	<u>Truants Alternative Education</u>	<u>English Language Learners</u>	<u>Teacher Mentoring Pilot Program</u>	<u>Preschool for All Monitoring</u>	<u>Social Emotional Learning</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	90,685	-	61,572	4,341	22,775
TOTAL ASSETS	\$ 90,685	\$ -	\$ 61,572	\$ 4,341	\$ 22,775
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 10,254	\$ -	\$ 24,653	\$ -	\$ 460
Due to other governments	-	-	-	-	-
Due to other funds	80,431	-	36,919	4,234	17,881
Deferred revenue	60,621	-	43,872	-	4,522
Total liabilities	151,306	-	105,444	4,234	22,863
FUND BALANCE (DEFICIT)					
Unreserved	(60,621)	-	(43,872)	107	(88)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 90,685	\$ -	\$ 61,572	\$ 4,341	\$ 22,775

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2010

SCHEDULE 4
 (CONTINUED)

	<u>Regional System of Support Providers</u>	<u>Pre-School For All Program</u>	<u>Early Childhood Block Grant</u>	<u>Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)</u>	<u>Regional Safe Schools Program</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 37,526	\$ -
Due from other governments	240	41,141	12,237	7,500	95,376
TOTAL ASSETS	<u>\$ 240</u>	<u>\$ 41,141</u>	<u>\$ 12,237</u>	<u>\$ 45,026</u>	<u>\$ 95,376</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 240	\$ -	\$ -	\$ 10,896	\$ 95,376
Due to other governments	-	-	-	-	-
Due to other funds	-	41,141	12,237	-	-
Deferred revenue	-	25,141	5,237	7,000	63,583
Total liabilities	<u>240</u>	<u>66,282</u>	<u>17,474</u>	<u>17,896</u>	<u>158,959</u>
FUND BALANCE (DEFICIT)					
Unreserved	<u>-</u>	<u>(25,141)</u>	<u>(5,237)</u>	<u>27,130</u>	<u>(63,583)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 240</u>	<u>\$ 41,141</u>	<u>\$ 12,237</u>	<u>\$ 45,026</u>	<u>\$ 95,376</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2010

SCHEDULE 4
 (CONTINUED)

		<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Title I - Migrant Education</u>	<u>Illinois New Principal Mentoring</u>	<u>National School Lunch</u>	<u>State Free Lunch and Breakfast</u>
ASSETS						
Cash and cash equivalents	\$	-	-	-	842	-
Due from other governments		-	29,014	13,750	1,021	40
TOTAL ASSETS	\$	-	29,014	13,750	1,863	40
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$	-	20,501	-	1,283	121
Due to other governments		-	-	-	-	-
Due to other funds		-	8,513	13,750	-	81
Deferred revenue		-	-	10,000	-	-
Total liabilities		-	29,014	23,750	1,283	202
FUND BALANCE (DEFICIT)						
Unreserved		-	-	(10,000)	580	(162)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$	-	29,014	13,750	1,863	40

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2010

SCHEDULE 4
 (CONTINUED)

	<u>School Breakfast Program</u>	<u>Gifted Education</u>	<u>Standards Aligned Classroom</u>	<u>Title I - Reading First Part B SEA Funds</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 254	\$ 15,369	\$ -	\$ -	\$ 102,922
Due from other governments	517	-	-	16,952	412,371
TOTAL ASSETS	\$ 771	\$ 15,369	\$ -	\$ 16,952	\$ 515,293
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 930	\$ 3,600	\$ -	\$ 3,900	\$ 197,806
Due to other governments	-	-	-	-	6,409
Due to other funds	-	-	-	14,574	241,845
Deferred revenue	-	11,769	-	-	252,306
Total liabilities	930	15,369	-	18,474	698,366
FUND BALANCE (DEFICIT)					
Unreserved	(159)	-	-	(1,522)	(183,073)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 771	\$ 15,369	\$ -	\$ 16,952	\$ 515,293

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2010

	Illinois Family Violence Coordinating <u>Council</u>	Mathematics and Science <u>Partnership</u>	Rural Education Achievement <u>Program</u>	McKinney Education for Homeless <u>Children</u>	Learning Improvement Through Non- Traditional Curriculum <u>(LINC)</u>
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	13,254	-	-	-	-
Federal sources	-	376,277	20,182	489,124	32,062
	<u>13,254</u>	<u>376,277</u>	<u>20,182</u>	<u>489,124</u>	<u>32,062</u>
Total revenues	13,254	376,277	20,182	489,124	32,062
EXPENDITURES:					
Education:					
Salaries	16,800	62,228	7,624	86,070	23,269
Benefits	1,285	19,432	-	9,813	3,225
Purchased services	1,528	92,521	2,839	30,225	6,621
Supplies and materials	-	83,331	-	598	407
Payments to other governments	-	-	9,719	362,412	-
Capital outlay	-	118,654	-	-	-
	<u>19,613</u>	<u>376,166</u>	<u>20,182</u>	<u>489,118</u>	<u>33,522</u>
Total expenditures	19,613	376,166	20,182	489,118	33,522
NET CHANGE IN FUND BALANCE (DEFICIT)	(6,359)	111	-	6	(1,460)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>6,415</u>	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>789</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 56</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (671)</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2010

	<u>Truants Alternative Education</u>	<u>English Language Learners</u>	<u>Teacher Mentoring Pilot Program</u>	<u>Preschool for All Monitoring</u>	<u>Social Emotional Learning</u>
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 87,131
State sources	94,525	-	27,271	5,342	105,522
Federal sources	-	2,000	-	-	-
Total revenues	<u>94,525</u>	<u>2,000</u>	<u>27,271</u>	<u>5,342</u>	<u>192,653</u>
EXPENDITURES:					
Education:					
Salaries	117,752	-	30,494	-	96,773
Benefits	12,897	-	3,067	-	14,086
Purchased services	23,143	2,000	37,202	5,256	69,667
Supplies and materials	1,354	-	380	86	12,215
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>155,146</u>	<u>2,000</u>	<u>71,143</u>	<u>5,342</u>	<u>192,741</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(60,621)	-	(43,872)	-	(88)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (60,621)</u>	<u>\$ -</u>	<u>\$ (43,872)</u>	<u>\$ 107</u>	<u>\$ (88)</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2010

	Regional System of Support Providers	Pre-School For All Program	Early Childhood Block Grant	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ 28,500	\$ -
State sources	-	52,000	24,000	211,873	79,481
Federal sources	57,148	-	-	47,083	-
Total revenues	57,148	52,000	24,000	287,456	79,481
EXPENDITURES:					
Education:					
Salaries	5,448	59,645	20,147	207,589	-
Benefits	78	8,458	2,064	24,615	-
Purchased services	51,751	7,786	5,026	29,699	-
Supplies and materials	-	1,253	2,000	1,647	-
Payments to other governments	-	-	-	-	143,064
Capital outlay	-	-	-	-	-
Total expenditures	57,277	77,142	29,237	263,550	143,064
NET CHANGE IN FUND BALANCE (DEFICIT)	(129)	(25,142)	(5,237)	23,906	(63,583)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	129	1	-	3,224	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ (25,141)	\$ (5,237)	\$ 27,130	\$ (63,583)

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2010

	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Title I - Migrant Education	Illinois New Principal Mentoring	National School Lunch	State Free Lunch and Breakfast
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	151,095	-	3,750	-	318
Federal sources	33,577	123,405	-	4,541	-
Total revenues	184,672	123,405	3,750	4,541	318
EXPENDITURES:					
Education:					
Salaries	-	73,160	2,652	-	-
Benefits	-	17,397	71	-	-
Purchased services	-	26,349	10,965	-	-
Supplies and materials	-	6,499	62	-	-
Payments to other governments	184,672	-	-	3,961	480
Capital outlay	-	-	-	-	-
Total expenditures	184,672	123,405	13,750	3,961	480
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	(10,000)	580	(162)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ (10,000)	\$ 580	\$ (162)

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2010

	<u>School Breakfast Program</u>	<u>Gifted Education</u>	<u>Standards Aligned Classroom</u>	<u>Title I - Reading First Part B SEA Funds</u>	<u>Totals</u>
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 115,631
State sources	-	60,004	-	-	828,435
Federal sources	2,100	-	-	18,952	1,206,451
	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>18,952</u>	<u>1,206,451</u>
Total revenues	<u>2,100</u>	<u>60,004</u>	<u>-</u>	<u>18,952</u>	<u>2,150,517</u>
EXPENDITURES:					
Education:					
Salaries	-	18,869	-	-	828,520
Benefits	-	4,706	-	-	121,194
Purchased services	-	19,389	-	20,181	442,148
Supplies and materials	-	17,040	-	293	127,165
Payments to other governments	2,259	-	-	-	706,567
Capital outlay	-	-	-	-	118,654
	<u>2,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,654</u>
Total expenditures	<u>2,259</u>	<u>60,004</u>	<u>-</u>	<u>20,474</u>	<u>2,344,248</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(159)	-	-	(1,522)	(193,731)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,658</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (159)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,522)</u>	<u>\$ (183,073)</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2010

	Mathematics and Science Partnership				McKinney Education for Homeless Children				Truants Alternative Education			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:												
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,179	\$ 164,179	\$ 94,525	\$ (69,654)
Federal sources	368,663	368,663	376,277	7,614	528,165	533,875	489,124	(44,751)	-	-	-	-
Total revenues	368,663	368,663	376,277	7,614	528,165	533,875	489,124	(44,751)	164,179	164,179	94,525	(69,654)
EXPENDITURES:												
Education:												
Salaries	39,493	39,493	62,228	(22,735)	92,570	92,570	86,070	6,500	120,715	120,715	117,752	2,963
Benefits	11,873	11,873	19,432	(7,559)	10,265	10,265	9,813	452	11,822	11,822	12,897	(1,075)
Purchased services	182,205	182,205	92,521	89,684	15,518	21,229	30,225	(6,997)	25,842	25,842	23,143	2,699
Supplies and materials	65,167	65,167	83,331	(18,164)	3,348	1,270	598	672	5,800	5,800	1,354	4,446
Payments to other governments	-	-	-	-	406,464	408,542	362,412	46,130	-	-	-	-
Capital outlay	69,925	69,925	118,654	(48,729)	-	-	-	-	-	-	-	-
Total expenditures	368,553	368,563	376,166	(7,503)	528,165	533,875	489,118	44,757	164,179	164,179	155,146	9,033
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	111	\$ 111	\$ -	\$ -	6	\$ 6	\$ -	\$ -	(60,621)	\$ (60,621)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR								(7)				
FUND BALANCE (DEFICIT), END OF YEAR			\$ 111				\$ (1)				\$ (60,621)	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2010

	English Language Learners				Teacher Mentoring Pilot Program				Preschool For All Program			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:												
State sources	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 27,271	\$ (42,729)	\$ 77,141	\$ 77,141	\$ 52,000	\$ (25,141)
Federal sources	2,000	2,000	2,000	-	-	-	-	-	-	-	-	-
Total revenues	2,000	2,000	2,000	-	70,000	70,000	27,271	(42,729)	77,141	77,141	52,000	(25,141)
EXPENDITURES:												
Education:												
Salaries	-	-	-	-	31,900	31,900	30,494	1,406	61,685	61,685	59,645	2,040
Benefits	-	-	-	-	3,907	3,907	3,067	840	8,410	8,410	8,458	(48)
Purchased services	2,000	2,000	2,000	-	33,622	33,622	37,202	(3,580)	6,046	6,046	7,786	(1,740)
Supplies and materials	-	-	-	-	571	571	380	191	1,000	1,000	1,253	(253)
Payments to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,000	2,000	2,000	-	70,000	70,000	71,143	(1,143)	77,141	77,141	77,142	(1)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	-	\$ -	\$ -	\$ -	(43,872)	\$ (43,872)	\$ -	\$ -	(25,142)	\$ (25,142)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR												1
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ (43,872)				\$ (25,141)	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2010

	Early Childhood Block Grant				Regional Safe Schools Program				Title I - Migrant Education			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
REVENUES:												
State sources	\$ 29,237	\$ 29,237	\$ 24,000	\$ (5,237)	\$ 143,063	\$ 143,063	\$ 79,491	\$ (63,582)	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-	-	-	97,403	99,103	123,405	24,302
Total revenues	29,237	29,237	24,000	(5,237)	143,063	143,063	79,481	(63,562)	97,403	99,103	123,405	24,302
EXPENDITURES:												
Education:												
Salaries	22,782	20,145	20,147	(2)	-	-	-	-	50,199	51,399	73,160	(21,761)
Benefits	3,335	1,515	2,064	(448)	-	-	-	-	14,947	15,452	17,397	(1,945)
Purchased services	2,820	6,276	5,026	1,250	-	-	-	-	30,182	30,177	26,349	3,828
Supplies and materials	300	1,200	2,000	(800)	-	-	-	-	2,075	2,075	6,499	(4,424)
Payments to other governments	-	-	-	-	143,063	143,063	143,064	(1)	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	29,237	29,237	29,237	-	143,063	143,063	143,064	(1)	97,403	99,103	123,405	(24,302)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	(5,237)	\$ (5,237)	\$ -	\$ -	(63,583)	\$ (63,583)	\$ -	\$ -	-	\$ -
FUND BALANCE (DEFICIT), BEGINNING OF YEAR												
FUND BALANCE (DEFICIT), END OF YEAR			\$ (5,237)				\$ (63,583)				\$ -	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2010

	Gifted Education				Title I - Reading First Part B SEA Funds				Total			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:												
State sources	\$ 71,775	\$ 71,775	\$ 60,004	\$ (11,771)	\$ -	\$ -	\$ -	\$ -	\$ 555,395	\$ 555,395	\$ 337,281	\$ (218,114)
Federal sources	-	-	-	-	18,952	18,952	18,952	-	1,015,183	1,022,593	1,009,758	(12,835)
Total revenues	71,775	71,775	60,004	(11,771)	18,952	18,952	18,952	-	1,570,578	1,577,988	1,347,039	(230,949)
EXPENDITURES:												
Education:												
Salaries	32,605	23,312	18,869	4,443	-	-	-	-	451,949	441,219	468,365	(27,146)
Benefits	4,467	4,467	4,705	(239)	-	-	-	-	69,026	67,812	77,834	(10,022)
Purchased services	10,112	25,592	19,389	7,203	18,152	18,152	20,181	(2,029)	326,499	352,140	263,822	88,318
Supplies and materials	12,591	17,154	17,040	114	800	800	293	507	91,652	95,037	112,748	(17,711)
Payments to other governments	12,000	250	-	250	-	-	-	-	561,527	551,855	505,475	46,379
Capital outlay	-	-	-	-	-	-	-	-	69,925	69,925	118,654	(48,729)
Total expenditures	71,775	71,775	60,004	11,771	18,952	18,952	20,474	(1,522)	1,570,578	1,577,988	1,546,899	31,089
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	-	\$ -	\$ -	\$ -	(1,522)	\$ (1,522)	\$ -	\$ -	(199,860)	\$ (199,860)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR												(6)
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ (1,522)				\$ (199,866)	

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2010

ASSETS	Bus Driver <u>Fund</u>	<u>GED Fund</u>	Supervisory <u>Expense</u>	<u>Fingerprinting</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,659	\$ -	\$ -	\$ -	\$ 3,659
Due from other governments	<u>-</u>	<u>7,387</u>	<u>-</u>	<u>151</u>	<u>7,538</u>
TOTAL ASSETS	<u>\$ 3,659</u>	<u>\$ 7,387</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 11,197</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	\$ -	\$ 873	\$ -	\$ 240	\$ 1,113
Due to other funds	-	670	-	1,783	2,453
Deferred revenue	<u>-</u>	<u>3,879</u>	<u>-</u>	<u>-</u>	<u>3,879</u>
Total liabilities	<u>-</u>	<u>5,422</u>	<u>-</u>	<u>2,023</u>	<u>7,445</u>
FUND BALANCE (DEFICIT)					
Unreserved	<u>3,659</u>	<u>1,965</u>	<u>-</u>	<u>(1,872)</u>	<u>3,752</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 3,659</u>	<u>\$ 7,387</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 11,197</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2010

	Bus Driver <u>Fund</u>	<u>GED Fund</u>	Supervisory <u>Expense</u>	<u>Fingerprinting</u>	<u>Total</u>
REVENUES:					
Local sources	\$ 1,351	\$ 25,404	\$ -	\$ 1,274	\$ 28,029
State sources	903	-	2,000	-	2,903
Total revenues	<u>2,254</u>	<u>25,404</u>	<u>2,000</u>	<u>1,274</u>	<u>30,932</u>
EXPENDITURES:					
Education:					
Salaries	-	12,069	-	-	12,069
Benefits	-	1,150	-	-	1,150
Purchased services	1,969	9,564	2,000	2,427	15,960
Supplies and materials	-	3,436	-	719	4,155
Total expenditures	<u>1,969</u>	<u>26,219</u>	<u>2,000</u>	<u>3,146</u>	<u>33,334</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	285	(815)	-	(1,872)	(2,402)
FUND BALANCE, BEGINNING OF YEAR	<u>3,374</u>	<u>2,780</u>	<u>-</u>	<u>-</u>	<u>6,154</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 3,659</u>	<u>\$ 1,965</u>	<u>\$ -</u>	<u>\$ (1,872)</u>	<u>\$ 3,752</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2010

	<u>Distributive Fund</u>	<u>Impact Fees</u>	<u>Petitions Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 799	\$ -	\$ -	\$ 799
Due from other governmental agencies	<u>355,280</u>	<u>-</u>	<u>-</u>	<u>355,280</u>
TOTAL ASSETS	<u>\$ 356,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,079</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ 356,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,079</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2010

	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2010</u>
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash	\$ 105,168	\$ 1,364,397	\$ 1,468,766	\$ 799
Due from other governments	<u>-</u>	<u>355,280</u>	<u>-</u>	<u>355,280</u>
TOTAL ASSETS	<u>\$ 105,168</u>	<u>\$ 1,719,677</u>	<u>\$ 1,468,766</u>	<u>\$ 356,079</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ 105,168</u>	<u>\$ 1,719,677</u>	<u>\$ 1,468,766</u>	<u>\$ 356,079</u>
<u>IMPACT FEES</u>				
ASSETS				
Cash (overdrafts)	\$ (2,052)	\$ 21,932	\$ 19,880	\$ -
Due from other governmental agencies	<u>2,052</u>	<u>-</u>	<u>2,052</u>	<u>-</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 21,932</u>	<u>\$ 21,932</u>	<u>\$ -</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ -</u>	<u>\$ 21,932</u>	<u>\$ 21,932</u>	<u>\$ -</u>
<u>PETITIONS FUND</u>				
ASSETS				
Cash (overdrafts)	\$ (234)	\$ 2,878	\$ 2,644	\$ -
Due from other governmental agencies	<u>234</u>	<u>-</u>	<u>234</u>	<u>-</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,878</u>	<u>\$ 2,878</u>	<u>\$ -</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ -</u>	<u>\$ 2,878</u>	<u>\$ 2,878</u>	<u>\$ -</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 102,882	\$ 1,389,207	\$ 1,491,290	\$ 799
Due from other governmental agencies	<u>2,286</u>	<u>355,280</u>	<u>2,286</u>	<u>355,280</u>
TOTAL ASSETS	<u>\$ 105,168</u>	<u>\$ 1,744,487</u>	<u>\$ 1,493,576</u>	<u>\$ 356,079</u>
LIABILITIES				
Due to other governmental agencies	<u>\$ 105,168</u>	<u>\$ 1,744,487</u>	<u>\$ 1,493,576</u>	<u>\$ 356,079</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Federal Grantor/Pass- Through Grantor, Program or Cluster Title	CFDA Number	Project Number (1st 8 digits) or Contract #	Federal Expenditures 7/1/2009 - 6/30/2010
U.S. Department of Agriculture passed through Illinois State Board of Education (ISBE):			
National School Lunch Program	10.555	10-4210-00	\$ 3,961
School Breakfast Program	10.553	10-4220-00	2,100
Child Nutrition Cluster			<u>6,061</u>
U.S. Department of Labor passed through Business Employment Skills Team			
Workforce Investment Act (WIA) Youth Activities	17.259	10-local	<u>32,062</u>
U.S. Department of Education passed through Illinois State Board of Education (ISBE):			
(M) Mathematics and Science Partnership	84.366B	09-4936-00	160,584
(M) Mathematics and Science Partnership	84.366B	10-4936-00	117,925
(M) Mathematics and Science Partnership	84.366B	10-4936-10	77,657
			<u>376,166</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act (Education Stabilization Fund)	84.394A	10-4850-93	25,183
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act (Education Stabilization Fund)	84.394A	10-4850-95	35,312
			<u>60,495</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (Education Stabilization Fund)	84.397A	10-4870-93	8,394
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (Education Stabilization Fund)	84.397A	10-4870-95	11,771
			<u>20,165</u>
State Fiscal Stabilization Cluster			<u>80,660</u>
(M) McKinney Education for Homeless Children	84.196A	10-4920-00	312,027
(M) ARRA - McKinney Education for Homeless Children	84.387A	10-4862-00	175,591
Education of Homeless Children and Youth Cluster			<u>487,618</u>
Title I - Migrant Education	84.011A	09-4340-01	84,171
Title I - Migrant Education	84.011A	10-4340-00	10,437
Title I - Migrant Education	84.011A	10-4340-01	27,980
			<u>122,588</u>
Title I - Migrant Education Incentive	84.144F	10-4850-10	817
Title I - Reading First Part B SEA Funds	84.357A	10-4337-00	18,952
English Language Learners	84.365A	10-4999-PD	2,000
Total U.S. Department of Education passed through Illinois State Board of Education			<u>1,088,801</u>
U.S. Department of Education Rural Education Achievement Program:	84.358A	10-4999-00	<u>20,182</u>
Other Federal Grants Passed through Boone-Winnebago Counties - Regional Office of Education No. 4			
Regional System of Support	84.367A	10-local	<u>57,148</u>
Department of Homeland Security Passed through United Way of America ARRA - Emergency Food and Shelter Program	97.114	247800-012	<u>1,500</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,205,754</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

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

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

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, Lee/Ogle Counties Regional Office of Education No. 47 provided \$217,803 to sub-recipients during fiscal year ended June 30, 2010 as follows:

To:	Ogle County Education Cooperative (OCEC):		
	84.358A	2010-4999-00 Rural Education Achievement Program	\$ 9,719
To:	Bureau, Henry, and Stark Counties Regional Office of Education No. 28:		
	84.196	2010-4920-00 McKinney Education for Homeless Children	30,618
To:	Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education No. 8:		
	84.196	2010-4920-00 McKinney Education for Homeless Children	9,826
To:	DeKalb County Regional Office of Education No. 16:		
	84.196	2010-4920-00 McKinney Education for Homeless Children	12,481
To:	Harlem Consolidated School District No. 122:		
	84.196	2010-4920-00 McKinney Education for Homeless Children	7,305
To:	LaSalle County Regional Office of Education No. 35:		
	84.196	2010-4920-00 McKinney Education for Homeless Children	31,698
To:	Marshall, Putnum, and Woodford Counties Regional Office of Education No. 43:		
	84.196	2010-4920-00 McKinney Education for Homeless Children	8,407
To:	Rochelle Community College District No. 231:		
	84.196	2010-4920-00 McKinney Education for Homeless Children	1,142

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

NOTE 2 - SUBRECIPIENTS (CONTINUED)

To:	Rochelle THSD No. 212:			
	84.196	2010-4920-00	McKinney Education for Homeless Children	\$ 1,142
To:	Rockford Public School District No. 205:			
	84.196	2010-4920-00	McKinney Education for Homeless Children	75,393
To:	Rock Island County Regional Office of Education No. 49:			
	84.196	2010-4920-00	McKinney Education for Homeless Children	27,103
To:	Whiteside County Regional Office of Education No. 55:			
	84.196	2010-4920-00	McKinney Education for Homeless Children	2,969

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

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

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

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

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

NOTE 4 - NON-CASH ASSISTANCE

N/A

NOTE 5 - AMOUNT OF INSURANCE

N/A

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

N/A

This information is an integral part of the accompanying schedule.