

**State of Illinois
REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
FINANCIAL AUDIT
For the Year Ended June 30, 2011**

**Performed as Special Assistant Auditors
for the Office of the Auditor General
State of Illinois**

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
For the Year Ended June 30, 2011**

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REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
For the Year Ended June 30, 2011

OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Mr. Larry D. Pfeiffer

Assistant Regional Superintendent
(During the Audit Period)

Mr. Terry Strauch

Assistant Regional Superintendent
(Current)

Mr. Jerry Bauersachs

Offices are located at:

826 N. Broad Street
Carlinville, IL 62626

303 W. Exchange Street
Jerseyville, IL 62052

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
For the Year Ended June 30, 2011**

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

Additional matters which were less than a significant deficiency or material weakness but more than inconsequential, has been reported in a Management Letter of Comment to the Regional Superintendent.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-01	10a-10b	Controls Over Financial Statement Preparation	Material Weakness
11-02	10c	Ineffective Internal Control Procedures	Material Weakness

FINDINGS AND RESPONSES (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS AND RESPONSES NOT REPEATED (FEDERAL COMPLIANCE)

None

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
For the Year Ended June 30, 2011**

EXIT CONFERENCE

An informal exit conference was held with Agency personnel on November 4, 2011 to review the findings and recommendations. Attending were Larry Pfeiffer, Regional Superintendent; Marilyn Rogers, Bookkeeper; and Kara Bevis, CPA, Senior, Kemper CPA Group, LLP. Responses to the recommendations were provided by Larry Pfeiffer, Regional Superintendent, on March 12, 2012.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
For the Year Ended June 30, 2011**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Regional Office of Education #40 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #40's basic financial statements.

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2011, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40'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 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40, as of June 30, 2011, 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.

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2012 on our consideration of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40'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 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 13a-13g and 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
April 27, 2012

**INDEPENDENT AUDITOR'S 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2011, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's basic financial statements and have issued our report thereon dated April 27, 2012. 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

Management of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-01 and 11-02 in the accompanying Schedule of Findings and Responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40 in a separate letter dated April 27, 2012.

Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's responses and, accordingly, we express no opinion on them.

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

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois

April 27, 2012

SCHEDULE OF FINDINGS AND RESPONSES

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011**

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
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding No.: 11-01 – Controls Over Financial Statement Preparation (Repeat from Findings 10-01, 09-01, 08-01, and 07-04)

Criteria/specific requirement:

The Regional Office of Education #40 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 #40 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. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of some accounts payable, accounts receivable, and deferred revenue, the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- Several prior year proposed audit entries were either not correctly recorded or not correctly reversed, as necessary.
- Transfers and due to/from other fund amounts were not always correctly recorded. Adjusting audit entries were necessary to net transfers and due to/from other funds to zero.
- The repayment of the loan from Macoupin County was not recognized in all of the appropriate accounts.

Effect:

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

Cause:

According to Regional Office officials, they do not have adequate funding to hire a certified public accountant or other financial professionals for their full-time staff. However, they did obtain the assistance of a local county Chief Financial Officer in the current year.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding No.: 11-01 – Controls Over Financial Statement Preparation (Repeat from Findings 10-01, 09-01, 08-01, and 07-04) (Concluded)

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #40 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review 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:

A financial consultant from Macoupin County will continue to assist the Regional Office during FY2012 to help address this finding and will specifically review the items noted above.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

Finding No.: 11-02 – Ineffective Internal Control Procedures

Criteria/specific requirement:

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

Condition:

We noted the following weaknesses in the Regional Office of Education's internal control system:

- A. Three (3) timesheets out of 24 had not been signed and approved by the Program Director.
- B. Two (2) Direct Deposit Vouchers out of 35 had not been signed and approved by the Assistant Regional Superintendent or the Regional Superintendent.
- C. Two (2) disbursements for credit card purchases did not have an approved Payment Authorization Form available.

Effect:

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

Cause:

The Regional Office has not followed established internal control procedures.

Recommendation:

- A. All employee timesheets should be signed and approved by the applicable direct supervisor.
- B. All Direct Deposit Vouchers should be reviewed and approved by either the Regional Superintendent or the Assistant Regional Superintendent.
- C. All disbursements, including credit card disbursements, should have an approved Payment Authorization Form signed by the appropriate Program Director. If the individual submitting the request is the Program Director, the Payment Authorization Form should be signed by another individual such as the Regional Superintendent or the Assistant Regional Superintendent.

Management's Response:

The Regional Office of Education #40 agrees with the finding and will make every effort to follow established internal controls.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011**

CORRECTIVE ACTION PLAN

Finding No.: 11-01 – Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education #40 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. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of some accounts payable, accounts receivable, and deferred revenue, the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- Several prior year proposed audit entries were either not correctly recorded or not correctly reversed, as necessary.
- Transfers and due to/from other fund amounts were not always correctly recorded. Adjusting audit entries were necessary to net transfers and due to/from other funds to zero.
- The repayment of the loan from Macoupin County was not recognized in all of the appropriate accounts.

Plan:

A financial consultant from Macoupin County will continue to assist the Regional Office during FY2012 to help address this finding. and will specifically review the items noted above. The individual will specifically review the items noted above in his review of the financial statements and will assist the Regional Office with its yearend closing entries. The Regional Office believes this action will help address this finding during FY2012.

Anticipated Date of Completion:

Prior to the FY2012 audit.

Name of Contact Person:

Mr. Larry Pfeiffer, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011**

CORRECTIVE ACTION PLAN (CONCLUDED)

Finding No.: 11-02 – Ineffective Internal Control Procedures

Condition:

We noted the following weaknesses in the Regional Office of Education's internal control system:

- A. Three (3) timesheets out of 24 had not been signed and approved by the Program Director.
- B. Two (2) Direct Deposit Vouchers out of 35 had not been signed and approved by the Assistant Regional Superintendent or the Regional Superintendent.
- C. Two (2) disbursements for credit card purchases did not have an approved Payment Authorization Form available.

Plan:

- A. All employee timesheets will be signed and approved by the applicable direct supervisor.
- B. All Direct Deposit Vouchers will be reviewed and approved by either the Regional Superintendent or the Assistant Regional Superintendent.
- C. All disbursements, including credit card disbursements, will have an approved Payment Authorization Form signed by the appropriate Program Director. If the individual submitting the request is the Program Director, the Payment Authorization Form will be signed by another individual such as the Regional Superintendent or the Assistant Regional Superintendent.

Anticipated Date of Completion:

Prior to the FY2012 audit.

Name of Contact Person:

Mr. Larry Pfeiffer, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
10-01	Controls Over Financial Statement Preparation	Repeated as Finding 11-01

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

The Regional Office of Education #40 for the Counties of Calhoun, Greene, Jersey, and Macoupin 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, 2011 with comparative information for the year ended June 30, 2010. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #40's financial statements that follow.

During fiscal year 2011 the Regional Office of Education #40 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 16 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

2011 FINANCIAL HIGHLIGHTS

- Within the Governmental Funds, the General Fund revenues increased by \$98,244 from \$592,846 in FY10 to \$691,090 in FY11. General Fund expenditures decreased by \$51,635 from \$595,972 in FY10 to \$544,337 in FY11.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$9,642 from \$891,796 in FY10 to \$901,438 in FY11. The Special Revenue Fund expenditures decreased by \$94,042 from \$934,678 in FY10 to \$840,636 in FY11.

USING THIS REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #40's financial activities.
- The Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education #40 as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office of Education #40's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

REPORTING THE OFFICE AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #40 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

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

-Over time, increases or decreases in the net assets can be an indicator of whether the financial position is improving or deteriorating, respectively.

-To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present the Office's activities as governmental activities and business-type activities. Local, state, and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #40 established other funds to control and manage money for particular purposes.

The Regional Office of Education #40 has three kinds of funds:

- 1) Governmental funds account for most of the Regional Office of Education #40's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Regional Office of Education #40's governmental funds include the General Fund and the Special Revenue Funds.

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

- 2) Proprietary funds, namely, Administrators' Academy and Workshops are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

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

- 3) Fiduciary funds are used to account for assets held by the Regional Office of Education #40 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Assets.

A summary reconciliation between the Government-wide financial statements and the governmental fund financial statements follows the governmental fund financial statements.

OFFICE-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office of Education #40. The net assets at the end of the FY11 totaled \$473,398. At the end of FY10, the net assets were \$297,147. The analysis that follows provides a summary of the Office's net assets at June 30, 2011 and 2010.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 444,411	\$ 517,092	\$ 15,338	\$ 3,535	\$ 459,749	\$ 520,627
Capital Assets, net	30,709	48,421	2,067	3,267	32,776	51,688
TOTAL ASSETS	475,120	565,513	17,405	6,802	492,525	572,315
Current Liabilities	17,226	270,631	-	483	17,226	271,114
Noncurrent Liabilities	1,901	4,054	-	-	1,901	4,054
TOTAL LIABILITIES	19,127	274,685	-	483	19,127	275,168
Net Assets:						
Invested in Capital Assets, net of related debt, restated	26,656	42,345	2,067	3,267	28,723	45,612
Restricted for educational purposes	54,531	29,094	-	-	54,531	29,094
Unrestricted	374,806	219,389	15,338	3,052	390,144	222,441
TOTAL NET ASSETS	\$ 455,993	\$ 290,828	\$ 17,405	\$ 6,319	\$ 473,398	\$ 297,147

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

- Net assets of the Regional Office of Education #40 increased by \$176,251 from FY10.
- Governmental activities increased the net assets of the Regional Office of Education #40 by \$165,165.
- Business-type activities increased the net assets of the Regional Office of Education #40 by \$11,086.
- Certain net assets related to the Education Fund are considered restricted for educational purposes.

CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 64,166	\$ 61,558	\$ 64,166	\$ 61,558
Operating grants & contributions	606,291	761,893	-	-	606,291	761,893
General revenues:						
Local sources	241,772	293,349	-	-	241,772	293,349
State sources	367,724	184,150	-	-	367,724	184,150
On-behalf payments - State	312,320	347,782	-	-	312,320	347,782
Interest	5	7	-	-	5	7
TOTAL REVENUES	<u>1,528,112</u>	<u>1,587,181</u>	<u>64,166</u>	<u>61,558</u>	<u>1,592,278</u>	<u>1,648,739</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries and benefits	552,524	760,115	-	-	552,524	760,115
Purchased services	292,150	269,182	-	-	292,150	269,182
Supplies and materials	52,350	76,947	-	-	52,350	76,947
Payments to other governments	162,278	67,514	-	-	162,278	67,514
Other objects	4,705	6,413	-	-	4,705	6,413
Interest expense	-	-	-	-	-	-
Depreciation	17,367	26,434	-	-	17,367	26,434
Loss on disposal of capital assets	6,968	-	-	-	6,968	-
Administrative expenses:						
On-behalf payments - State	312,320	347,782	-	-	312,320	347,782
Business-type expenses:						
Instructional	-	-	51,365	56,728	51,365	56,728
TOTAL EXPENSES	<u>1,400,662</u>	<u>1,554,387</u>	<u>51,365</u>	<u>56,728</u>	<u>1,452,027</u>	<u>1,611,115</u>
Changes in Net Assets before Transfers	127,450	32,794	12,801	4,830	140,251	37,624
Transfers	<u>1,715</u>	<u>-</u>	<u>(1,715)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	129,165	32,794	11,086	4,830	140,251	37,624
Net Assets, beginning, restated	<u>326,828</u>	<u>258,034</u>	<u>6,319</u>	<u>1,489</u>	<u>333,147</u>	<u>259,523</u>
Net Assets, end of year	<u>\$ 455,993</u>	<u>\$ 290,828</u>	<u>\$ 17,405</u>	<u>\$ 6,319</u>	<u>\$ 473,398</u>	<u>\$ 297,147</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION #40 FUNDS

As previously noted, the Regional Office of Education #40 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds report combined fund balances of \$364,960 for FY11, compared to \$155,685 for FY10.

Governmental Fund Highlights:

-For their fiscal year ended August 31, 2011, Macoupin County continued to support the ROE at 100%. The FY12 rate will be the same as FY11 with the Regional Office of Education #40 continuing to pay the insurance premium for the employees.

-For their fiscal year ended November 30, 2011, Jersey County continued to support the ROE at 100% with a .04% increase over FY10.

-For their fiscal year ended August 31, 2011, Calhoun County continued to support the ROE at 100% with a .02% increase over FY10.

-For their fiscal year ended December 30, 2011, Greene County continued to support the ROE at 50% with a .06% decrease over FY10.

-Greene County still continues to only pay 50% of their budgeted amount.

The following changes occurred in governmental fund revenues:

- Local sources decreased \$51,577.
- State sources increased \$141,382.
- Federal sources increased by \$36,069.
- On behalf payments decreased from state sources \$35,462.

In total, governmental fund revenues increased by \$107,886 and governmental fund expenditures decreased by \$145,677 for FY11. The increase in the governmental fund revenue was due to a one-time ARRA grant received during FY11. The decrease in expenditures was due to using part-time staff instead of full-time staff during FY11.

The State aid foundation level used to calculate the state aid received in FY11 remained at \$6,119 per student.

Proprietary Fund Highlights:

The increase in proprietary fund revenues was due to SDA fess and an increase in fees for workshops. The decrease in expenditures was due to hiring part-time staff instead of full-time staff, using the Regional Office's own presenters, and having fewer supplies and purchase services during FY11. The Regional Office also starting using on-line workshops instead of face-to-face workshops.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

Budgetary Highlights:

The Regional Office of Education #40 did not adopt annual budgets, nor are they legally required to, for all funds under its control. The Regional Superintendent annually prepares an Office Operation Budget and submits it to the four county boards for their approval. The Macoupin County Budget and Calhoun County Budget covers a fiscal year which runs from September 1 through August 31. The Jersey County Budget runs from December 1 through November 30. The Greene County Budget runs from January 1 through December 31. Since these budgets are not based on the same operating period as the Regional Office, they are not presented.

Budgetary reports are presented for certain programs funded by the Illinois State Board of Education and the Illinois Community College Board. These budgets must be prepared and submitted to the awarding agencies for approval. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and state sources or for additional services and supplies needed. Schedules showing the original budgets and final grant budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information section of this report.

Capital Assets:

Capital assets of the Regional Office of Education #40 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #40 maintains an inventory of capital assets which have been accumulated over time. For FY11, net capital assets decreased by \$18,912. Total capital outlay for FY11 was \$6,623 for governmental funds and \$0 for proprietary funds.

Long-Term Debt:

On April 25, 2008, the Regional Office of Education #40 entered into a five-year loan agreement for \$10,050 for the purpose of purchasing a copier for the office. The remaining balance to be paid at June 30, 2011 was \$4,053.

Economic Factors and Next Year's Budget:

At the time these financial statements were prepared and audited, the Regional Office of Education #40 was aware of several existing circumstances that could affect its financial health in the future.

- The State of Illinois Foundation level used in the calculation has remained the same at \$6,119 per student.
- Most grants will decrease for FY12.
- Beginning Teacher Induction and Mentoring Grant was concluded at the end of FY2011.
- Due to problems of receiving revenues from the State and programs being cut, the ROE expects significant financial hardship for FY12.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

CONTACTING THE REGIONAL OFFICE OF EDUCATION #40'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Regional Office of Education #40's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent at the Regional Office of Education #40, 220 North Broad Street, Carlinville, IL 62626.

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 22,186	\$ -	\$ 22,186
Internal balances	(15,338)	15,338	-
Due from other governments	437,563	-	437,563
Total Current Assets	444,411	15,338	459,749
Noncurrent Assets			
Capital assets, being depreciated, net	30,709	2,067	32,776
Total Noncurrent Assets	30,709	2,067	32,776
Total Assets	475,120	17,405	492,525
Liabilities			
Current Liabilities			
Accounts payable	1,227	-	1,227
Accrued wages and benefits	-	-	-
Notes payable, current	2,152	-	2,152
Deferred revenue	13,847	-	13,847
Total current liabilities	17,226	-	17,226
Noncurrent Liabilities			
Note payable, noncurrent	1,901	-	1,901
Total Liabilities	19,127	-	19,127
NET ASSETS			
Invested in capital assets, net of related debt	26,656	2,067	28,723
Restricted for educational purposes	54,531	-	54,531
Unrestricted	374,806	15,338	390,144
TOTAL NET ASSETS	\$ 455,993	\$ 17,405	\$ 473,398

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

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government							
Governmental activities							
Instructional services							
Salaries and benefits	\$ 552,524	\$ -	\$ 400,364	\$ -	\$ (152,160)	\$ -	\$ (152,160)
Purchased services	292,150	-	154,131	-	(138,019)	-	(138,019)
Supplies and materials	52,350	-	41,909	-	(10,441)	-	(10,441)
Other	4,705	-	-	-	(4,705)	-	(4,705)
Payments to other governments	162,278	-	3,264	-	(159,014)	-	(159,014)
Depreciation	17,367	-	-	-	(17,367)	-	(17,367)
Loss on disposal of capital assets	6,968	-	-	-	(6,968)	-	(6,968)
Capital outlay	-	-	6,623	-	6,623	-	6,623
Administrative							
On-behalf payments - State	312,320	-	-	-	(312,320)	-	(312,320)
Total Governmental Activities	<u>1,400,662</u>	<u>-</u>	<u>606,291</u>	<u>-</u>	<u>(794,371)</u>	<u>-</u>	<u>(794,371)</u>
Business-type activities							
Instructional	<u>51,365</u>	<u>64,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,801</u>	<u>12,801</u>
Total Business-Type Activities	<u>51,365</u>	<u>64,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,801</u>	<u>12,801</u>
Total Primary Government	<u>\$ 1,452,027</u>	<u>\$ 64,166</u>	<u>\$ 606,291</u>	<u>\$ -</u>	<u>(794,371)</u>	<u>12,801</u>	<u>(781,570)</u>
General revenues							
Local sources					241,772	-	241,772
State sources					367,724	-	367,724
On-behalf payments - State					312,320	-	312,320
Interest					5	-	5
Transfers					<u>1,715</u>	<u>(1,715)</u>	<u>-</u>
Total General Revenues and Transfers					<u>923,536</u>	<u>(1,715)</u>	<u>921,821</u>
Change in Net Assets					129,165	11,086	140,251
Net Assets - Beginning, Restated					326,828	6,319	333,147
Net Assets - Ending					<u>\$ 455,993</u>	<u>\$ 17,405</u>	<u>\$ 473,398</u>

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

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ 1,775	\$ 20,411	\$ -	\$ 22,186
Due from other funds	345,912	3,761	38,166	(387,839)	-
Due from other governments	40,230	383,807	13,526	-	437,563
	<u>386,142</u>	<u>389,343</u>	<u>72,103</u>	<u>(387,839)</u>	<u>459,749</u>
Total Assets	\$ 386,142	\$ 389,343	\$ 72,103	\$ (387,839)	\$ 459,749
Liabilities					
Accounts payable	\$ 414	\$ 205	\$ 608	\$ -	\$ 1,227
Accrued wages and benefits	-	-	-	-	-
Due to other funds	16,268	379,905	7,004	(387,839)	15,338
Deferred revenue	-	64,435	13,789	-	78,224
Total liabilities	<u>16,682</u>	<u>444,545</u>	<u>21,401</u>	<u>(387,839)</u>	<u>94,789</u>
Fund Balance					
Restricted	-	3,761	45,356	-	49,117
Assigned	-	-	5,346	-	5,346
Unassigned	369,460	(58,963)	-	-	310,497
Total Fund Balances	<u>369,460</u>	<u>(55,202)</u>	<u>50,702</u>	<u>-</u>	<u>364,960</u>
Total Liabilities and Fund Balances	\$ 386,142	\$ 389,343	\$ 72,103	\$ (387,839)	\$ 459,749

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
June 30, 2011**

Total Fund Balances - Governmental Funds	\$ 364,960
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
<p>Some revenues will not be collected for several months after the Regional Office's fiscal year ends. They are not considered "available" revenues and are deferred in the governmental funds.</p>	64,377
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$235,071</p>	30,709
<p>Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the funds.</p>	<u>(4,053)</u>
Net Assets of Governmental Activities	<u><u>\$ 455,993</u></u>

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

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
Revenues					
Local sources	\$ 185,237	\$ -	\$ 56,535	\$ -	\$ 241,772
State sources	193,533	614,190	43,657	-	851,380
State sources - payments made on behalf of region	312,320	-	-	-	312,320
Federal sources	-	179,819	7,237	-	187,056
Total Revenues	<u>691,090</u>	<u>794,009</u>	<u>107,429</u>	<u>-</u>	<u>1,592,528</u>
Expenditures					
Instructional Services					
Salaries	116,527	344,835	30,084	-	491,446
Employee benefits	27,993	30,541	2,544	-	61,078
Purchased services	81,294	147,172	63,684	-	292,150
Supplies and materials	5,135	40,017	7,198	-	52,350
Capital outlay	-	4,829	1,794	-	6,623
Other	1,068	-	5,660	-	6,728
Payments to other governments	-	162,278	-	-	162,278
Payments made on behalf of region	312,320	-	-	-	312,320
Total Expenditures	<u>544,337</u>	<u>729,672</u>	<u>110,964</u>	<u>-</u>	<u>1,384,973</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>146,753</u>	<u>64,337</u>	<u>(3,535)</u>	<u>-</u>	<u>207,555</u>
Other Financing Sources (Uses)					
Transfers in	29,463	79	-	(27,827)	1,715
Transfers out	(27,827)	-	-	27,827	-
Interest	-	5	-	-	5
Total Other Financing Sources (Uses)	<u>1,636</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>1,720</u>
Net Change in Fund Balance	148,389	64,421	(3,535)	-	209,275
Fund Balances - Beginning, Restated	<u>221,071</u>	<u>(119,623)</u>	<u>54,237</u>	<u>-</u>	<u>155,685</u>
Fund Balances - Ending	<u>\$ 369,460</u>	<u>\$ (55,202)</u>	<u>\$ 50,702</u>	<u>\$ -</u>	<u>\$ 364,960</u>

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

Net Change in Fund Balance - Total Governmental Funds \$ 209,275

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

Some revenues will not be collected for several months after the Regional Office's fiscal year ends. They are not considered "available" revenues and are deferred in the governmental funds.

FY2010 deferred revenue recognized in FY2011 - State sources	(128,798)
FY2011 revenue deferred - State sources	64,377

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the Statement of Activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals.

Capital outlay	\$ 6,623	
Loss on disposal of capital assets	(6,968)	
Depreciation expense	<u>(17,367)</u>	(17,712)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

2,023

Change in Net Assets of Governmental Activities	<u><u>\$ 129,165</u></u>
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The notes to the financial statements are an integral part of this statement.

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Administrators' Academy	Workshops	Total
Assets			
Current Assets			
Due from other funds	\$ -	\$ 18,154	\$ 18,154
Total Current Assets	<u>-</u>	<u>18,154</u>	<u>18,154</u>
Noncurrent Assets			
Capital assets, net of accumulated depreciation	-	2,067	2,067
Total Noncurrent Assets	<u>-</u>	<u>2,067</u>	<u>2,067</u>
TOTAL ASSETS	<u>-</u>	<u>20,221</u>	<u>20,221</u>
Liabilities			
Current Liabilities			
Due to other funds	2,816	-	2,816
Total current liabilities	<u>2,816</u>	<u>-</u>	<u>2,816</u>
Net Assets			
Invested in capital assets, net of related debt	-	2,067	2,067
Unrestricted	<u>(2,816)</u>	<u>18,154</u>	<u>15,338</u>
TOTAL NET ASSETS	<u>\$ (2,816)</u>	<u>\$ 20,221</u>	<u>\$ 17,405</u>

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

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Administrators' Academy	Workshops	Total
Operating Revenues			
Charge for Services	\$ 1,650	\$ 62,516	\$ 64,166
Total Operating Revenues	<u>1,650</u>	<u>62,516</u>	<u>64,166</u>
Operating Expenses			
Salaries	3,900	-	3,900
Employee Benefits	57	-	57
Purchased services	1,900	39,127	41,027
Supplies and materials	-	5,181	5,181
Depreciation	-	1,200	1,200
Total Operating Expenses	<u>5,857</u>	<u>45,508</u>	<u>51,365</u>
Operating Income (Loss)	(4,207)	17,008	12,801
Nonoperating Revenues (Expenses)			
Transfers out	-	(1,715)	(1,715)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(1,715)</u>	<u>(1,715)</u>
Change in Net Assets	(4,207)	15,293	11,086
Net Assets - Beginning	<u>1,391</u>	<u>4,928</u>	<u>6,319</u>
Net Assets - Ending	<u>\$ (2,816)</u>	<u>\$ 20,221</u>	<u>\$ 17,405</u>

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

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Administrators' Academy	Workshops	Total
Cash flows from operating activities:			
Receipts from customers	\$ 2,392	\$ 62,516	\$ 64,908
Payments to suppliers and providers for goods and services	(1,900)	(44,791)	(46,691)
Payments to employees	(3,957)	-	(3,957)
Net cash provided by (used for) operating activities	<u>(3,465)</u>	<u>17,725</u>	<u>14,260</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	2,816	-	2,816
Cash provided to other funds	-	(1,715)	(1,715)
Interfund loans made	-	(18,154)	(18,154)
Repayment of interfund loan	649	2,144	2,793
Net cash provided by (used for) noncapital financing activities	<u>3,465</u>	<u>(17,725)</u>	<u>(14,260)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents - beginning of year	-	-	-
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4,207)	\$ 17,008	\$ 12,801
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	1,200	1,200
Change in assets and liabilities:			
Decrease in due from other governments	742	-	742
Increase in accounts payable	-	(483)	(483)
Net cash provided by (used for) operating activities	<u>\$ (3,465)</u>	<u>\$ 17,725</u>	<u>\$ 14,260</u>

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2011**

	Agency Fund
Assets	
Cash and cash equivalents	\$ 57,039
Total Assets	\$ 57,039
Liabilities	
Due to other governments	\$ 57,039
Total Liabilities	\$ 57,039

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #40 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2011, the Regional Office of Education #40 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education #40 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

A. Date of Management's Review

Management has evaluated subsequent events through April 27, 2012, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

The Regional Superintendent is charged with responsibility for 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; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #40's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; 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.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

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 under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education #40, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2011, the Regional Office of Education #40 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #40. Such activities are reported as a single major fund (Education Fund).

C. Scope of Reporting Entity

The Regional Office of Education #40's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #40 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #40, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #40 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #40 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #40 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #40 being considered a component unit of the entity.

D. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #40's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #40 has two business-type activities that rely on fees and charges for support.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements (Concluded)

The Regional Office of Education #40's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #40 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #40's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds.

E. Proprietary Fund Financial Statements

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

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Proprietary Fund Financial Statement (Concluded)

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

F. Governmental Fund Financial Statements

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

G. Measurement Focus and Basis of Accounting

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

amounts will be paid to the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #40 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 resources available to finance the program. It is Regional Office of Education #40's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education #40 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #40 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Regional Office of Education #40 are typically reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #40 has presented all major funds that met the above qualifications.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

The Regional Office of Education #40 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #40 and is used to account for all financial resources in the region except those required to be accounted and reported for in another fund. General funds include the following:

Administrative Fund - This fund is the general operating fund of the Regional Office of Education #40. It is used to account for all financial resources except those required to be accounted for in another fund.

Alternative Schools Fund – This fund accounts for monies received to educate, serve, and support students, at no cost to the students, in an effort to improve the quality of life of high school dropouts. The funds are used to provide basic skills, obtain high school credit, or prepare for the GED test.

Direct Services – This fund is used for student testing and cooperative services conducted through the Regional Office of Education for the benefit of member districts.

General State Aid – This fund accounts for General State Aid used for the general operations of the Regional Safe Schools program.

Jerseyville Office Account – Accounts for operations at the Jerseyville Regional Office of Education #40.

Macoupin County Monies – Monies received from Macoupin County to pay ROE expenses, such as payroll, phone, rent and office supplies.

Regional Initiative Fund – This fund is utilized for special regional initiatives with the consent and approval of the Macoupin County district superintendents.

Testing Center – The Regional Testing Program purchases, maintains and circulates an inventory of testing materials to administer the Iowa Test of Basic Skills and the Cognitive Ability Test to the school districts of the region for all grade levels.

Virден-Girard Committee of 10 – This fund was set up to distribute money received from this committee to have a feasibility study to combine Virден and Girard School Districts as one. The State gave a reorganization incentive to do this study.

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CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

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

Education – This fund is used to account for various grant and educational enhancement programs including the following:

Adult Education - This fund accounts for monies received from the Illinois Community College Board (ICCB) for academic and vocational adult education programs including the following:

Federal Basic – This fund accounts for federal monies received from the ICCB which provide for adult basic education (GED) services for adult education clients.

Public Assistance – This fund accounts for State monies received from the ICCB for vocational training for adult education clients including computer and certified nurse assistant classes.

State Basic – This fund accounts for State monies received from the ICCB for vocational training and can be used the same as Public Assistance funds.

State Performance – This fund accounts for State monies received from the ICCB that can be used for any purpose that supports the adult education program.

American Recovery and Reinvestment Act (ARRA) – Title I – School Improvement and Accountability - The purpose of this grant is to provide school improvement support and assistance to schools by providing support to the schools through analyzing student achievement, refining school improvement plans and strategies, and providing meaningful professional development aligned to the schools' goals and strategies.

ARRA – Education Jobs Funds – Under the Federal American Recovery and Reinvestment Act, Regional Office of Education #40 Adult Learning Center received funding through the State Fiscal Stabilization Fund to pay salaries of administration, teachers and support staff, purchase textbooks and equipment, support programs designed to prepare school drop-outs and adult learners for the GED certificates, and to meet the general expenses of the Adult Education Center. All funding is subject to stringent accountability and reporting requirements.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

ARRA – Education Jobs Funds – Under the Federal American Recovery and Reinvestment Act, Regional Office of Education #40 Safe School received funding through the State Fiscal Stabilization Fund to pay salaries of administration, teachers and support staff, purchase textbooks and equipment, support programs designed to address the educational needs of at-risk students and academic failure in lieu of suspension or expulsion from their local school district, and to meet the federal expenses of the Safe School Program. All funding is subject to stringent accountability and reporting requirements.

Gifted Education – The purpose of this grant is to provide services, including professional development to teachers, to gifted students.

Illinois New Principal Mentoring – The purpose of this program is to ensure that every new principal in Illinois receives a high-quality mentoring experience so he or she thrives the first year and beyond. The program is defined by standards and criteria that focuses on professional development experiences and enhances a new principal's leadership.

Mini Grants – Provides funds to increase student academic achievement by evaluating teacher and principal quality and to support reform efforts aimed at improving education. This fund includes the Title II – Teacher Quality (11-4932-00) program.

National School Lunch – Used to account for the monies received from students and federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

Preschool Monitoring – The purpose of this grant is to provide consultants to determine the compliance of preschools.

Reading First Program – This program provides comprehensive reading program training to teachers in order to facilitate student achievement in reading.

Regional Safe Schools – This program provides instruction services and materials for an alternative school program for at-risk youth who are eligible for suspension or expulsion from their home school districts, creating alternative placement for those students into a safe school program.

Regional Office of Education/ Intermediate Service Centers (ROE/ISC) Operations – This fund accounts for monies received and payment of expenditures in assisting schools in all areas of school improvement.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

Teacher and Administrators Mentoring Program – The purpose of this program is to develop a mentoring program that will service the needs of the ROE’s teachers and administrators in its fifteen school districts.

Truants Alternative/Optional Education – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #40.

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

Bus Driver Permit Fund – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

General Education Development Fund – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred.

Institute – Accounts for the stewardship of the assets held in trust for the benefit of teachers. The money is used to provide institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Olympiad Fund – Accounts for a four-day event involving gifted students using activities designed directly applicable to the State Learning Standards. These activities are intended to challenge students to exercise higher level intellectual skills and talents.

Seventh Judicial Family Violence Prevention Fund – Provides instruction for violence prevention in the school districts.

Teen Parent Services Fund – Monies received from the Department of Human Services to provide services, such as counseling and GED preparation, for teens who are parents or soon-to-be-parents.

Trustee Fund – Deals with the issue of detachments and annexation of territory from one school district to another.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Proprietary Funds

The Regional Office of Education #40 reports the following Nonmajor proprietary funds:

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included in this fund is:

Administrators' Academy – Accounts for the process by which local school administrators meet the legislated requirement for training and by which administrators may improve their skills in instructional and administrative leadership.

Workshops – This fund accounts for expenses incurred for workshops that offer either college credit or other professional development activities.

Fiduciary Funds

Agency Funds are used to account for assets held by the Regional Office of Education #40 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Central Illinois Rural Region Career & Technical Education System – This fund accounts for the assets held in trust for the benefit of the Central Illinois Rural Region Career & Technical Education System.

I. Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – The portion of a governmental fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. The Regional Office of Education #40 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund's net assets that are subject to external enforceable legal restrictions. The following account's fund balances is restricted by grant agreements or contracts: National School Lunch. The following funds are restricted by Illinois Statute: Bus Driver Permit, General Education Development, and Institute.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

Committed Fund Balance – The portion of a governmental fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #40 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts have assigned fund balances: Olympiad and Trustee.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Administrative, Alternative Schools, Direct Services, General State Aid, Jerseyville Office Account, Macoupin County Monies, and Regional Initiative. The following Education Fund accounts have unassigned fund balances: Adult Education-Public Assistance, Adult Education-State Basic, Adult Education – State Performance, Regional Safe Schools, Teacher and Administrators Mentoring Program, and Truants Alternative Optional Education.

J. Net Assets

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

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

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

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

K. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #40 considers all liquid investments, including certificates of deposit, to be cash equivalents.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than 1 year are recorded at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and Furniture	3-10 years
Building Improvements	10-15 years

M. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

N. Estimates

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

O. Budget Information

The Regional Office of Education #40 acts as the administrative agent for certain grant programs that are accounted for within the General Fund and the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education and Illinois Community College Board; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Adult Education – Federal Basic, Adult Education – Public Assistance, Adult Education – State Basic, Adult Education – State Performance, ARRA – Title I School Improvement and Accountability, Gifted Education, Title II – Teacher Quality Mini-Grants, Reading First Program, Regional Safe Schools, ROE/ISC Operations, Teacher and Administrators Mentoring Program, and Truants Alternative/Optional Education.

P. Compensated Absences

Employees earn vacation days after completing a full year of service. Part-time employees and individuals hired for less than a twelve month position do not accumulate paid vacation time. Vacation pay is considered an expenditure in the year it is paid. All vacation has to be used before fiscal year end, so no accrual is required.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

P. Compensated Absences (Concluded)

Employees receive one sick day for each month of employment and the unused portion is accumulated and carried forward. Upon termination, employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

NOTE 2: CASH AND CASH EQUIVALENTS

At June 30, 2011, the carrying amount of the Regional Office of Education #40's government-wide and fiduciary fund deposits were \$22,186 and \$57,039 respectively, and the bank balances were \$130,346 and \$88,859, respectively. At June 30, 2011, all of the Regional Office of Education #40's cash deposits were insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. The Regional Office of Education #40 does not have a deposit policy for custodial credit risk but follows the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Regional Office of Education #40 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Regional Office of Education #40 is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code. The Regional Office of Education #40 has no investment policy that would further limit its investment choices. As of June 30, 2011 the Regional Office of Education #40 was in compliance with these guidelines.

NOTE 3: DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #40'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 #40's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Funding Policy. As set by statute, the Regional Office of Education #40's Regular plan members are required to contribute 4.50% 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 annual required contribution rate for calendar year 2010 was 9.66%. The Regional Office of Education #40 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2010 was \$19,319.

THREE YEAR TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 19,319	100%	\$ 0
12/31/09	30,182	100%	0
12/31/08	32,175	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included a) 7.5% 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 employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #40's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 72.81% funded. The actuarial accrued liability for benefits was \$541,020 and the actuarial value of assets was \$393,904, resulting in an underfunded actuarial accrued liability (UAAL) of \$147,116. The covered payroll for 2010 (annual payroll of active employees covered by the plan) was \$199,990 and the ratio of the UAAL to the covered payroll was 74%.

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #40 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active 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, 2011, was 9.4% of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. 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% for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #40's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #40. For the year ended June 30, 2011, the State of Illinois contributions were based on 23.10% of creditable earnings not paid from federal funds, and the Regional Office of Education #40 recognized revenue and expenditures of \$83,816 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38% (\$123,707) and 17.08% (\$58,144), respectively.

The Regional Office of Education #40 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2011 were \$1,042. Contributions for the years ending June 30, 2010, and June 30, 2009, were \$2,006 and \$2,287, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #40, there is a statutory requirement for the Regional Office of Education #40 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2011, the employer pension contribution was 23.10% of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38% and 17.08% of salaries paid from federal

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$34,015 were paid from federal and special trust funds that required employer contributions of \$7,857. For the years ended June 30, 2010 and June 30, 2009, required Regional Office of Education #40 contributions were \$14,573 and \$9,202 respectively.

- **Early Retirement Option.** The Regional Office of Education #40 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.

The maximum employer ERO contribution is 117.5% and applies when the member is age 55 at retirement.

For the year ended June 30, 2011, the Regional Office of Education #40 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education #40 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #40 grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #40 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6%. For the year ended June 30, 2011, the Regional Office of Education #40 paid \$0 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education #40 paid no contributions to TRS for employer contributions due on salary increases in excess of 6%.

If the Regional Office of Education #40 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #40 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 (18.03% of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the Regional Office of Education #40 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2010 and 2009, the Regional Office of Education #40 paid no employer contributions granted for sick leave days.

Further information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 5: OTHER POSTEMPLOYEMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education #40 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 Fund.

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% of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #40. State contributions are intended to match contributions to the THIS Fund from active members which were 0.88% of pay during the year ended June 30, 2011. State of Illinois contributions were \$1,581 and the Regional Office of Education #40 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84% of pay. State contributions on behalf of the Regional Office of Education #40's employees were \$2,905.

Had the Regional Office of Education #40 recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84% of pay or \$3,312.

Employer contributions to THIS Fund. The Regional Office of Education #40 also makes contributions to THIS Fund. The Regional Office of Education #40 contribution was 0.66% during the year ended June 30, 2011, and 0.63% during the years ended June 30, 2010 and 2009. For the year ended June 30, 2011, the Regional Office of Education #40 paid \$1,185 to the THIS Fund. For the years ended June 30, 2010 and 2009, the Regional Office of Education #40 paid \$2,179 and \$2,484 to the THIS Fund, respectively, which was 100% of the required contribution.

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONCLUDED)

B. Egyptian Area Schools Employee Benefit Trust

Plan Description. The Regional Office of Education #40 contributes to the Egyptian Area Schools Employee Benefit Trust (the “Trust”), a cost-sharing multiple-employer defined benefit health care plan administered by the Board of Managers of the Trust. The Trust provides medical benefits to active and retired employees of approximately 160 participating employers. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. A copy of the report may be obtained by writing to the Egyptian Area Schools Employee Benefit Trust, c/o Meritain Health, 13 Executive Drive, Suite 19, Fairview Heights, IL 62208, or by calling Meritain Health at (866) 588-2431, Option 3 x 6105. The report is also posted on the Trust’s website at www.egtrust.org.

Funding Policy. The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year. As of June 30, 2011, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

	Platinum Plan	Gold Plan	Silver Plan	Bronze Plan
Employee (Retiree)	\$536	\$484	\$418	\$356
Employee + spouse	\$1,106	\$998	\$866	\$732
Employee + child(ren)	\$1,068	\$963	\$835	\$719
Family	\$1,191	\$1,073	\$932	\$791

Participating employers may require employees and/or retirees to pay some or all of the required contributions to the employers, but the employer has the legal obligation to pay contributions to the Trust. The Regional Office of Education #40 requires retirees to pay 100% of the contribution for the coverage for retirees and their dependents.

The Board of Mangers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust’s actuary has determined that as of June 30, 2009 the Trust had no Unfunded Actuarial Accrued Liability for Other Post Employment Benefits (OPEB) and is not expected to have an Unfunded Actuarial Accrued Liability as of June 30, 2011. The actuary has further determined that current contribution rates exceed the Annual Required Contribution (ARC) determined in accordance with the parameters of GASB Statement 45. The Regional Office’s contributions to the Trust for the years ending June 30, 2011, June 30, 2010 and June 30, 2009, were \$24,140, \$27,408 and \$31,693, respectively, which equaled the contractually required contributions each year.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2011 consist of the following individual due to / from other funds in the governmental funds Balance Sheet and the proprietary funds Statement of Net Assets. Balances of the same fund type were eliminated in the government-wide Statement of Net Assets.

Fund	Due From Other Funds	Due to Other Funds
General Funds		
Administrative	\$ 8,160	\$ -
Alternative Schools Fund	75,620	-
Direct Services	73,127	-
General State Aid	143,182	-
Jerseyville Office Account	19,882	-
Macoupin County Monies	-	15,473
Regional Initiative	25,941	-
Virden-Girard Committee of 10	-	795
Nonmajor Special Revenue Funds		
Bus Driver Permit Fund	7,210	-
General Education Development Fund	15,576	-
Institute Fund	10,090	-
Olympiad Fund	5,290	-
Teen Parent Services Fund	-	7,004
Education Funds		
Adult Education - Public Assistance	-	23,676
Adult Education - State Basic	-	18,185
Adult Education - State Performance	-	11,675
ARRA – Title I School Improvement & Accountability	-	68,123
Illinois New Principal Mentoring	-	3,315
National School Lunch	3,761	-
Regional Safe Schools	-	81,719
ROE/ISC Operations	-	34,473
Teacher & Administrators Mentoring Program	-	77,381
Truants Alternative/Optional Education	-	61,358
Proprietary Funds		
Administrators' Academy	-	2,816
Workshops	18,154	-
	<u>\$ 405,993</u>	<u>\$ 405,993</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #40's General Fund, Education Fund, Special Revenue Funds, and Agency Fund, have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments:

General Fund		
Local Governments	\$	40,230
Special Revenue Fund – Education Fund		
Illinois State Board of Education		326,951
Illinois Community College Board		53,541
Illinois Principals Association		3,315
Special Revenue Fund – Other Non-Major Funds		
Local Governments		13,526
Total	\$	<u>437,563</u>

Due to Other Governments:

Fiduciary Fund – Agency Fund		
Other Local Governments	\$	57,039
Total	\$	<u>57,039</u>

NOTE 8: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Funds				
Total Capital Assets	\$ 312,128	\$ 6,623	\$ 52,971	\$ 265,780
Less: Accumulated Depreciation	<u>263,707</u>	<u>17,367</u>	<u>46,003</u>	<u>235,071</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 48,421</u>	<u>\$ (10,744)</u>	<u>\$ 6,968</u>	<u>\$ 30,709</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 8: CAPITAL ASSETS (CONCLUDED)

Business-Type Activities

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Business-type Activities				
Total Capital Assets	\$ 3,600	\$ -	\$ -	\$ 3,600
Less: Accumulated Depreciation	333	1,200	-	1,533
Business-type Activities				
Investment in Capital Assets, Net	\$ 3,267	\$ (1,200)	\$ -	\$ 2,067

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$17,367 and \$1,200 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2011. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 9: LONG-TERM DEBT

A. Summary of Debt Transactions

The Regional Office of Education #40 has issued the following note:

	<u>Copy Machine</u>
Balance, July 1, 2010	\$ 6,076
Additions	-
Debt retired	(2,023)
Balance, June 30, 2011	\$ 4,053

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 9: LONG-TERM DEBT (CONCLUDED)

B. Future Debt Service Requirements

Note Payable

Copy Machine Note Payable
Dated: April 25, 2008
Maturity Date: April 25, 2013
Interest Rate: 6.25%
Original Amount: \$10,050
Monthly Payment: \$195.49
Secured By: Copy Machine

Year Ending June 30,	Principal	Interest	Total
2012	\$ 2,152	\$ 193	\$ 2,345
2013	1,901	54	1,955
	\$ 4,053	\$ 247	\$ 4,300

NOTE 10: RISK MANAGEMENT

The Regional Office of Education #40 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Regional Office of Education #40 has purchased commercial insurance to cover these risks. During the year ended June 30, 2011, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 11: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #40:

Regional Superintendent Salary	\$	96,435
Regional Superintendent Fringe Benefits (Includes State paid insurance)		24,653
Assistant Regional Superintendent Salary		86,791
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		19,044
TRS Pension Contributions		83,816
THIS Fund Contributions		1,581
 Total	 \$	 <u>312,320</u>

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 11: ON-BEHALF PAYMENTS (CONCLUDED)

These amounts have been recorded in the accompanying governmental fund financial statements as state revenue and expenditures.

NOTE 12: TRANSFERS

Interfund transfer in/out to other funds at June 30, 2011 consisted of the following individual transfers in/out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Administrative	\$ 8,721	\$ -
Alternative Schools Fund	-	1,167
Direct Services	19,093	-
General State Aid	1,588	-
Jerseyville Office Account	61	-
Regional Initiative	-	7,132
Testing Center	-	19,528
Special Revenue Fund - Education Fund:		
Mini Grants	79	-
Proprietary Fund		
Workshops	-	1,715
	<hr/>	<hr/>
Total	<u>\$ 29,542</u>	<u>\$ 29,542</u>

NOTE 13: OPERATING LEASES

Lease 1: During the fiscal year ended June 30, 2010, the Regional Office of Education #40 entered into a lease agreement for the building located at 826 N. Broad Street, Carlinville, Illinois. This lease called for monthly payments of \$750, which includes rent and utilities, through June 30, 2011. Lease expense for fiscal year 2011 was \$9,000.

Lease 2: During the fiscal year ended June 30, 2008, the Regional Office of Education #40 entered into a lease agreement for the building located at 301 South Jefferson Street, Jerseyville, Illinois. This lease calls for monthly payments of \$2,800 through September 30, 2010. Beginning October 1, 2010, this became a month to month lease at \$2,800 per month. Lease expense for fiscal year 2011 was \$33,600.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 13: OPERATING LEASES (CONCLUDED)

Lease 3: During the fiscal year ended June 30, 2003, the Regional Office of Education #40 entered into a lease agreement for the building located at Carlinville Plaza, Route 4, Space #9, Carlinville, Illinois. This lease called for monthly payments of \$1,815 through June 30, 2008. During the year ended June 30, 2008, the Regional Office of Education #40 entered into a sixty month extension of this lease. The lease extension called for monthly lease payments of \$1,815 through June 30, 2009, \$1,905 through June 30, 2010, \$2,000 through June 30, 2012, and \$2,100 through June 30, 2013. However, the Regional Office of Education #40 vacated from this facility in June 2010 and was only required to pay rent through June 30, 2010. There was no lease expense for fiscal year 2011.

NOTE 14: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The following individual funds carried the following deficit balances as of June 30, 2011:

Macoupin County Monies	\$	3,574
Adult Education – Public Assistance	\$	10,147
Adult Education – State Basic	\$	13,643
Adult Education – State Performance	\$	8,339
Regional Safe Schools	\$	3,125
Teacher and Administrators Mentor Program	\$	13,472
Truants Alternative/Optional Education	\$	10,237
Administrators’ Academy	\$	2,816

NOTE 15: RESTATEMENT OF NET ASSETS

Adjustments of \$36,000 and \$17,474 were made to beginning net assets for governmental activities which resulted in a change from \$273,354 to \$326,828. The \$36,000 adjustment was due to fiscal year 2010 deferred revenue that was recognized in both the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, as well as the Statement of Net Assets. However, this deferred revenue should not have been recognized in the Statement of Net Assets for the year ended June 30, 2010 and should have been included as a reconciling item on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds for the year ended June 30, 2010. The \$17,474 adjustment was a due from other governments that had not been appropriately recorded at June 30, 2010.

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 16: RESTATEMENT AND RECLASSIFICATION OF FUND BALANCES

As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, at July 1, 2010, General State Aid (GSA) funding has been reclassified from the Education Fund to the General Fund, Alternative Schools Fund has been reclassified from the Nonmajor Special Revenue Funds to the General Fund, and the ROE/ISC Operations grant has been reclassified from the General Fund to the Education Fund.

The Regional Office of Education #40 receives GSA from the Illinois State Board of Education based on attendance in the Regional Safe School. This funding supports the general operations of the Regional Safe School program, and the Regional Office has historically reported this funding in the Education fund with the Regional Safe School grant funding. However, GSA does not meet the committed or restricted criteria set forth in GASB 54 for special revenue funds. The Alternative Schools Fund has historically been reported in the Nonmajor Special Revenue funds. However, the Alternative Schools Fund also does not meet the committed or restricted criteria set forth in GASB 54 for special revenue funding. The ROE/ISC Operations grant, which supports the general operations of the Regional Office, has historically been reported the General Fund. However, because this funding is governed by a grant agreement with the grantor, the funding is restricted and is required to be reported as a special revenue fund.

Following is the effect of these reclassifications on the beginning balance fund balances for the General Fund, Education Fund, and Nonmajor Special Revenue Funds:

General Fund	
Fund Balance, July 1, 2010	\$ 102,584
Effect of reclassifying General State Aid	71,838
Effect of reclassifying Alternative Schools Fund	8,828
Effect of reclassifying ROE/ISC Operations grant	20,347
Effect of recording prior year receivable	17,474
Fund Balance, July 1, 2010, Restated	<u>\$ 221,071</u>
Education Fund	
Fund Balance, July 1, 2010	\$ (27,438)
Effect of reclassifying General State Aid	(71,838)
Effect of reclassifying ROE/ISC Operations grant	(20,347)
Fund Balance, July 1, 2010, Restated	<u>\$ (119,623)</u>
Nonmajor Special Revenue Funds	
Fund Balance, July 1, 2010	\$ 63,065
Effect of reclassifying Alternative Schools Fund	(8,828)
Fund Balance, July 1, 2010, Restated	<u>\$ 54,237</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 17: SUBSEQUENT EVENTS

For fiscal year 2012, the Governor of Illinois vetoed the appropriation line for the Regional Superintendent's and Assistant Regional Superintendent's salaries and benefits, as well as the appropriation line for the Regional Office's general operations grant. The Regional Superintendents' and Assistant Regional Superintendents' salaries were reinstated in November 2011 for one year only, to be paid from State personal property replacement tax funds, but the general operations grant was not reinstated. The Regional Superintendents will make every effort to secure other local funding to support the programs and services the Regional Office provides. The effect of these funding cuts on the Regional Office's long-term ability to continue to provide services at their current level is unknown.

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

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
June 30, 2011**

UNAUDITED

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)
12/31/10	\$393,904	\$541,020	\$147,116	72.81%	\$199,990	73.56%
12/31/09	494,425	581,690	87,265	85.00%	239,347	36.46%
12/31/08	498,437	531,226	32,789	93.83%	224,531	14.60%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$431,325. On a market basis, the funded ratio would be 79.72%.

OTHER SUPPLEMENTAL INFORMATION

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2011

	<u>Administrative</u>	<u>Alternative Schools Fund</u>	<u>Direct Services</u>	<u>General State Aid</u>	<u>Jerseyville Office Account</u>
Assets					
Due from other funds	\$ 8,160	\$ 75,620	\$ 73,127	\$ 143,182	\$ 19,882
Due from other governments	-	-	925	-	26,611
	<u>8,160</u>	<u>75,620</u>	<u>74,052</u>	<u>143,182</u>	<u>46,493</u>
Total Assets	<u>\$ 8,160</u>	<u>\$ 75,620</u>	<u>\$ 74,052</u>	<u>\$ 143,182</u>	<u>\$ 46,493</u>
Liabilities					
Accounts payable	\$ 108	\$ 154	\$ 10	\$ 142	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	<u>108</u>	<u>154</u>	<u>10</u>	<u>142</u>	<u>-</u>
Fund Balance					
Unassigned	<u>8,052</u>	<u>75,466</u>	<u>74,042</u>	<u>143,040</u>	<u>46,493</u>
Total Fund Balances	<u>8,052</u>	<u>75,466</u>	<u>74,042</u>	<u>143,040</u>	<u>46,493</u>
	<u>8,160</u>	<u>75,620</u>	<u>74,052</u>	<u>143,182</u>	<u>46,493</u>
Total Liabilities and Fund Balances	<u>\$ 8,160</u>	<u>\$ 75,620</u>	<u>\$ 74,052</u>	<u>\$ 143,182</u>	<u>\$ 46,493</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2011

	Macoupin County Monies	Regional Initiative	Testing Center	Virden-Girard Committee of 10	Total
Assets					
Due from other funds	\$ -	\$ 25,941	\$ -	\$ -	\$ 345,912
Due from other governments	11,899	-	-	795	40,230
Total Assets	\$ 11,899	\$ 25,941	\$ -	\$ 795	\$ 386,142
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 414
Due to other funds	15,473	-	-	795	16,268
Total Liabilities	15,473	-	-	795	16,682
Fund Balance					
Unassigned	(3,574)	25,941	-	-	369,460
Total Fund Balances	(3,574)	25,941	-	-	369,460
Total Liabilities and Fund Balances	\$ 11,899	\$ 25,941	\$ -	\$ 795	\$ 386,142

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2011**

	Administrative	Alternative Schools Fund	Direct Services	General State Aid	Jerseyville Office Account
Revenues					
Local sources	\$ 22,155	\$ 1,292	\$ 19,998	\$ 1,753	\$ 69,224
State sources	-	83,275	-	110,258	-
State sources - On Behalf Payments	312,320	-	-	-	-
Total Revenue	<u>334,475</u>	<u>84,567</u>	<u>19,998</u>	<u>112,011</u>	<u>69,224</u>
Expenditures					
Salaries	(318)	8,686	-	29,495	29,810
Employee benefits	(58)	1,232	-	4,124	13,779
Purchased services	36,864	4,469	16,489	8,017	2,025
Supplies and materials	1,071	2,375	81	761	428
Other	-	-	-	-	1,068
Payments made on behalf of region	312,320	-	-	-	-
Total Expenditures	<u>349,879</u>	<u>16,762</u>	<u>16,570</u>	<u>42,397</u>	<u>47,110</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,404)</u>	<u>67,805</u>	<u>3,428</u>	<u>69,614</u>	<u>22,114</u>
Other Financing Sources (Uses)					
Transfers in	8,721	-	19,093	1,588	61
Transfers out	-	(1,167)	-	-	-
Total Other Financing Sources (Uses)	<u>8,721</u>	<u>(1,167)</u>	<u>19,093</u>	<u>1,588</u>	<u>61</u>
Net Change in Fund Balance	(6,683)	66,638	22,521	71,202	22,175
Fund Balance - Beginning, Restated	<u>14,735</u>	<u>8,828</u>	<u>51,521</u>	<u>71,838</u>	<u>24,318</u>
Fund Balance - Ending	<u>\$ 8,052</u>	<u>\$ 75,466</u>	<u>\$ 74,042</u>	<u>\$ 143,040</u>	<u>\$ 46,493</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2011**

	Macoupin County Monies	Regional Initiative	Testing Center	Virden-Girard Committee of 10	Total
Revenues					
Local sources	\$ 68,122	\$ 1,020	\$ 878	\$ 795	\$ 185,237
State sources	-	-	-	-	193,533
State sources - On Behalf Payments	-	-	-	-	312,320
Total Revenue	<u>68,122</u>	<u>1,020</u>	<u>878</u>	<u>795</u>	<u>691,090</u>
Expenditures					
Salaries	48,854	-	-	-	116,527
Employee benefits	8,916	-	-	-	27,993
Purchased services	11,537	-	1,893	-	81,294
Supplies and materials	360	100	(41)	-	5,135
Other	-	-	-	-	1,068
Payments made on behalf of region	-	-	-	-	312,320
Total Expenditures	<u>69,667</u>	<u>100</u>	<u>1,852</u>	<u>-</u>	<u>544,337</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,545)</u>	<u>920</u>	<u>(974)</u>	<u>795</u>	<u>146,753</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	29,463
Transfers out	-	(7,132)	(19,528)	-	(27,827)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(7,132)</u>	<u>(19,528)</u>	<u>-</u>	<u>1,636</u>
Net Change in Fund Balance	(1,545)	(6,212)	(20,502)	795	148,389
Fund Balance - Beginning, Restated	<u>(2,029)</u>	<u>32,153</u>	<u>20,502</u>	<u>(795)</u>	<u>221,071</u>
Fund Balance - Ending	<u>\$ (3,574)</u>	<u>\$ 25,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,460</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2011

	<u>Adult Education Programs</u>	<u>ARRA Title I School Improvement and Accountability</u>	<u>ARRA Education Jobs Funds</u>	<u>ARRA Education Jobs Funds</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-
Due from other governments	<u>53,541</u>	<u>68,123</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 53,541</u>	 <u>\$ 68,123</u>	 <u>\$ -</u>	 <u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Due to other funds	53,536	68,123	-	-
Deferred revenue	<u>32,134</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>85,670</u>	<u>68,123</u>	<u>-</u>	<u>-</u>
Fund Balance				
Restricted	-	-	-	-
Unassigned	<u>(32,129)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(32,129)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities and Fund Balances	 <u>\$ 53,541</u>	 <u>\$ 68,123</u>	 <u>\$ -</u>	 <u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2011**

	<u>Gifted Education</u>	<u>Illinois New Principal Mentoring</u>	<u>Mini Grants</u>	<u>National School Lunch</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	3,761
Due from other governments	-	3,315	-	-
	<u>-</u>	<u>3,315</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 3,315</u>	<u>\$ -</u>	<u>\$ 3,761</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Due to other funds	-	3,315	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>3,315</u>	<u>-</u>	<u>-</u>
Fund Balance				
Restricted	-	-	-	3,761
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,761</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 3,315</u>	<u>\$ -</u>	<u>\$ 3,761</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2011**

	<u>Preschool Monitoring</u>	<u>Reading First Program</u>	<u>Regional Safe Schools</u>	<u>ROE/ISC Operations</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 1,775	\$ -
Due from other funds	-	-	-	-
Due from other governments	-	-	85,358	34,681
	<u>-</u>	<u>-</u>	<u>85,358</u>	<u>34,681</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,133</u>	<u>\$ 34,681</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 204
Accrued wages and benefits	-	-	-	-
Due to other funds	-	-	81,719	34,473
Deferred revenue	-	-	8,539	4
Total Liabilities	<u>-</u>	<u>-</u>	<u>90,258</u>	<u>34,681</u>
Fund Balance				
Restricted	-	-	-	-
Unassigned	-	-	(3,125)	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>(3,125)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,133</u>	<u>\$ 34,681</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2011**

	Teacher and Administrators Mentoring Program	Truants Alternative/ Optional Education	Total
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 1,775
Due from other funds	-	-	3,761
Due from other governments	77,382	61,407	383,807
 Total Assets	 \$ 77,382	 \$ 61,407	 \$ 389,343
Liabilities			
Accounts payable	\$ 1	\$ -	\$ 205
Accrued wages and benefits	-	-	-
Due to other funds	77,381	61,358	379,905
Deferred revenue	13,472	10,286	64,435
Total Liabilities	90,854	71,644	444,545
Fund Balance			
Restricted	-	-	3,761
Unassigned	(13,472)	(10,237)	(58,963)
Total Fund Balances	(13,472)	(10,237)	(55,202)
 Total Liabilities and Fund Balances	 \$ 77,382	 \$ 61,407	 \$ 389,343

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Adult Education Programs</u>	<u>ARRA Title I School Improvement and Accountability</u>	<u>ARRA Education Jobs Funds</u>	<u>ARRA Education Jobs Funds</u>
Revenues				
State sources	\$ 69,090	\$ -	\$ -	\$ -
Federal sources	26,199	120,000	7,582	10,039
Total Revenues	<u>95,289</u>	<u>120,000</u>	<u>7,582</u>	<u>10,039</u>
Expenditures				
Salaries	88,310	43,153	7,186	9,348
Employee benefits	8,198	6,446	349	627
Purchased services	12,107	64,923	47	64
Supplies and materials	1,472	5,478	-	-
Capital outlay	4,000	-	-	-
Payments to other governments	-	-	-	-
Total Expenditures	<u>114,087</u>	<u>120,000</u>	<u>7,582</u>	<u>10,039</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,798)	-	-	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Interest	1	-	-	-
Total Other Financing Sources (Uses)	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(18,797)	-	-	-
Fund Balance - Beginning, Restated	<u>(13,332)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (32,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011**

	Gifted Education	Illinois New Principal Mentoring	Mini Grants	National School Lunch
Revenues				
State sources	\$ 8,763	\$ 4,452	\$ -	\$ -
Federal sources	-	-	346	-
Total Revenues	<u>8,763</u>	<u>4,452</u>	<u>346</u>	<u>-</u>
Expenditures				
Salaries	-	4,200	-	-
Employee benefits	-	61	-	-
Purchased services	8,714	191	425	1
Supplies and materials	49	-	-	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Total Expenditures	<u>8,763</u>	<u>4,452</u>	<u>425</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(79)	(1)
Other Financing Sources (Uses)				
Transfers in	-	-	79	-
Interest	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>79</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	(1)
Fund Balance - Beginning, Restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,762</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,761</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	Preschool Monitoring	Reading First Program	Regional Safe Schools	ROE/ISC Operations
Revenues				
State sources	\$ 11,057	\$ -	\$ 112,819	\$ 76,964
Federal sources	-	15,653	-	-
Total Revenues	<u>11,057</u>	<u>15,653</u>	<u>112,819</u>	<u>76,964</u>
Expenditures				
Salaries	-	-	58,014	41,746
Employee benefits	-	-	3,470	9,331
Purchased services	-	7,601	12,227	4,068
Supplies and materials	-	8,052	11,647	643
Capital outlay	-	-	-	829
Other	-	-	-	-
Payments to other governments	-	-	-	-
Total Expenditures	<u>-</u>	<u>15,653</u>	<u>85,358</u>	<u>56,617</u>
Excess (Deficiency) of Revenues Over Expenditures	11,057	-	27,461	20,347
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Interest	-	-	1	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Net Change in Fund Balance	11,057	-	27,462	20,347
Fund Balance - Beginning, Restated	<u>(11,057)</u>	<u>-</u>	<u>(30,587)</u>	<u>(20,347)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,125)</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	Teacher and Administrators Mentoring Program	Truants Alternative/ Optional Education	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
State sources	\$ 228,812	\$ 102,233	\$ 614,190
Federal sources	-	-	179,819
Total Revenues	<u>228,812</u>	<u>102,233</u>	<u>794,009</u>
Expenditures			
Salaries	29,400	63,478	344,835
Employee benefits	426	1,633	30,541
Purchased services	22,241	14,563	147,172
Supplies and materials	10,474	2,202	40,017
Capital outlay	-	-	4,829
Payments to other governments	162,278	-	162,278
Total Expenditures	<u>224,819</u>	<u>81,876</u>	<u>729,672</u>
Excess (Deficiency) of Revenues Over Expenditures	3,993	20,357	64,337
Other Financing Sources (Uses)			
Transfers in	-	-	79
Interest	2	1	5
Total Other Financing Sources (Uses)	<u>2</u>	<u>1</u>	<u>84</u>
Net Change in Fund Balance	3,995	20,358	64,421
Fund Balance - Beginning, Restated	<u>(17,467)</u>	<u>(30,595)</u>	<u>(119,623)</u>
Fund Balance - Ending	<u>\$ (13,472)</u>	<u>\$ (10,237)</u>	<u>\$ (55,202)</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
ADULT EDUCATION PROGRAMS
June 30, 2011**

	<u>Federal Basic</u>	<u>Public Assistance</u>	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Assets					
Due from other governments	\$ -	\$ 23,676	\$ 18,190	\$ 11,675	\$ 53,541
Total Assets	<u>\$ -</u>	<u>\$ 23,676</u>	<u>\$ 18,190</u>	<u>\$ 11,675</u>	<u>\$ 53,541</u>
Liabilities					
Due to other funds	\$ -	\$ 23,676	\$ 18,185	\$ 11,675	\$ 53,536
Deferred revenue	-	10,147	13,648	8,339	32,134
Total Liabilities	<u>-</u>	<u>33,823</u>	<u>31,833</u>	<u>20,014</u>	<u>85,670</u>
Fund Balance					
Unassigned	-	(10,147)	(13,643)	(8,339)	(32,129)
Total Fund Balances	<u>-</u>	<u>(10,147)</u>	<u>(13,643)</u>	<u>(8,339)</u>	<u>(32,129)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 23,676</u>	<u>\$ 18,190</u>	<u>\$ 11,675</u>	<u>\$ 53,541</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
ADULT EDUCATION PROGRAMS
For the Year Ended June 30, 2011

	<u>Federal Basic</u>	<u>Public Assistance</u>	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Revenues					
State sources	\$ -	\$ 34,253	\$ 23,161	\$ 11,676	\$ 69,090
Federal sources	26,199	-	-	-	26,199
Total Revenues	<u>26,199</u>	<u>34,253</u>	<u>23,161</u>	<u>11,676</u>	<u>95,289</u>
Expenditures					
Salaries	19,819	37,033	24,004	7,454	88,310
Employee benefits	4,844	1,045	892	1,417	8,198
Purchased services	99	1,183	1,024	9,801	12,107
Supplies and materials	437	326	366	343	1,472
Capital outlay	1,000	1,000	1,000	1,000	4,000
Total Expenditures	<u>26,199</u>	<u>40,587</u>	<u>27,286</u>	<u>20,015</u>	<u>114,087</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(6,334)</u>	<u>(4,125)</u>	<u>(8,339)</u>	<u>(18,798)</u>
Other Financing Sources (Uses)					
Interest	-	-	1	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balance	-	(6,334)	(4,124)	(8,339)	(18,797)
Fund Balance - Beginning	<u>-</u>	<u>(3,813)</u>	<u>(9,519)</u>	<u>-</u>	<u>(13,332)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (10,147)</u>	<u>\$ (13,643)</u>	<u>\$ (8,339)</u>	<u>\$ (32,129)</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 26,199	\$ 26,199	\$ 26,199
Total Revenues	<u>26,199</u>	<u>26,199</u>	<u>26,199</u>
Expenditures			
Salaries	19,600	19,600	19,819
Employee benefits	5,400	5,400	4,844
Purchased services	1,199	1,199	99
Supplies and materials	-	-	437
Capital outlay	-	-	1,000
Total Expenditures	<u>26,199</u>	<u>26,199</u>	<u>26,199</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - PUBLIC ASSISTANCE
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 40,587	\$ 40,587	\$ 34,253
Total Revenues	<u>40,587</u>	<u>40,587</u>	<u>34,253</u>
Expenditures			
Salaries	34,926	34,926	37,033
Employee benefits	3,515	3,515	1,045
Purchased services	2,146	2,146	1,183
Supplies and materials	-	-	326
Capital outlay	-	-	1,000
Total Expenditures	<u>40,587</u>	<u>40,587</u>	<u>40,587</u>
Net Change in Fund Balance	-	-	(6,334)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>(3,813)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,147)</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 27,285	\$ 27,285	\$ 23,161
Total Revenues	<u>27,285</u>	<u>27,285</u>	<u>23,161</u>
Expenditures			
Salaries	25,060	25,060	24,004
Employee benefits	675	675	892
Purchased services	1,550	1,550	1,024
Supplies and materials	-	-	366
Capital outlay	-	-	1,000
Total Expenditures	<u>27,285</u>	<u>27,285</u>	<u>27,286</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(4,125)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balance	-	-	(4,124)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>(9,519)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,643)</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE PERFORMANCE
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 20,015	\$ 20,015	\$ 11,676
Total Revenues	<u>20,015</u>	<u>20,015</u>	<u>11,676</u>
Expenditures			
Salaries	18,006	18,006	7,454
Employee benefits	484	484	1,417
Purchased services	1,525	1,525	9,801
Supplies and materials	-	-	343
Capital outlay	-	-	1,000
Total Expenditures	<u>20,015</u>	<u>20,015</u>	<u>20,015</u>
Net Change in Fund Balance	-	-	(8,339)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,339)</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 30, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
ARRA TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 114,000	\$ 120,000	\$ 120,000
Total Revenues	<u>114,000</u>	<u>120,000</u>	<u>120,000</u>
Expenditures			
Salaries	69,100	40,048	43,153
Employee benefits	25,695	6,466	6,446
Purchased services	15,118	66,752	64,923
Supplies and materials	4,087	6,734	5,478
Total Expenditures	<u>114,000</u>	<u>120,000</u>	<u>120,000</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of May 22, 2009 to August 31, 2010)
EDUCATION FUND ACCOUNTS
GIFTED EDUCATION
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 70,225	\$ 70,225	\$ 8,763
Total Revenues	<u>70,225</u>	<u>70,225</u>	<u>8,763</u>
Expenditures			
Salaries	22,000	36,190	-
Employee benefits	670	3,907	-
Purchased services	33,605	6,559	8,714
Supplies and materials	1,950	11,269	49
Payments to other governments	12,000	12,300	-
Total Expenditures	<u>70,225</u>	<u>70,225</u>	<u>8,763</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of September 22, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
MINI GRANTS - TITLE II-TEACHER QUALITY
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 346	\$ 346	\$ 346
Total Revenues	<u>346</u>	<u>346</u>	<u>346</u>
Expenditures			
Purchased services	346	346	425
Total Expenditures	<u>346</u>	<u>346</u>	<u>425</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(79)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	79
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>79</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 19, 2010 to August 31, 2010)
EDUCATION FUND ACCOUNTS
READING FIRST PROGRAM
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 33,166	\$ 33,166	\$ 15,653
Total Revenues	<u>33,166</u>	<u>33,166</u>	<u>15,653</u>
Expenditures			
Salaries	1,350	1,350	-
Employee benefits	234	234	-
Purchased services	20,891	20,891	7,601
Supplies and materials	10,691	10,691	8,052
Total Expenditures	<u>33,166</u>	<u>33,166</u>	<u>15,653</u>
Net Change in Fund Balances	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 85,358	\$ 85,358	\$ 112,819
Total Revenues	<u>85,358</u>	<u>85,358</u>	<u>112,819</u>
Expenditures			
Salaries	52,000	58,843	58,014
Employee benefits	2,480	2,734	3,470
Purchased services	20,007	12,838	12,227
Supplies and materials	10,871	10,943	11,647
Other	-	-	-
Payments to other governments	-	-	-
Total Expenditures	<u>85,358</u>	<u>85,358</u>	<u>85,358</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>27,461</u>
Other Financing Sources (Uses)			
Interest	-	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balance	-	-	27,462
Fund Balance - Beginning, Restated	<u>-</u>	<u>-</u>	<u>(30,587)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,125)</u>

**REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 13, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 31,241	\$ 56,617	\$ 76,964
Total Revenues	<u>31,241</u>	<u>56,617</u>	<u>76,964</u>
Expenditures			
Salaries	21,775	42,195	41,746
Employee benefits	3,519	8,333	9,331
Purchased services	4,947	3,906	4,068
Supplies and materials	500	1,091	643
Capital outlay	500	1,092	829
Total Expenditures	<u>31,241</u>	<u>56,617</u>	<u>56,617</u>
Net Change in Fund Balance	-	-	20,347
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>(20,347)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2009 to August 31, 2010)
EDUCATION FUND ACCOUNTS
TEACHER AND ADMINISTRATORS MENTORING PROGRAM
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 137,510	\$ 137,510	\$ 137,510
Total Revenues	<u>137,510</u>	<u>137,510</u>	<u>137,510</u>
Expenditures:			
Salaries	32,000	32,000	13,200
Employee benefits	571	571	191
Purchased services	6,479	13,879	11,719
Supplies and materials	9,000	10,000	10,305
Payments to other governments	89,460	81,060	84,628
Total Expenditures	<u>137,510</u>	<u>137,510</u>	<u>120,043</u>
Net Change in Fund Balance	-	-	17,467
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>(17,467)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 26, 2010 to August 31, 2011)
EDUCATION FUND ACCOUNTS
TEACHER AND ADMINISTRATORS MENTORING PROGRAM
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 109,562	\$ 109,562	\$ 91,302
Total Revenues	<u>109,562</u>	<u>109,562</u>	<u>91,302</u>
Expenditures:			
Salaries	20,800	20,800	16,200
Employee benefits	302	302	235
Purchased services	7,450	10,550	10,522
Supplies and materials	910	910	169
Payments to other governments	80,100	77,000	77,650
Total Expenditures	<u>109,562</u>	<u>109,562</u>	<u>104,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(13,474)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Interest	-	-	2
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2</u>
Net Change in Fund Balance	-	-	(13,472)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (13,472)</u></u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 81,875	\$ 81,875	\$ 102,233
Total Revenues	<u>81,875</u>	<u>81,875</u>	<u>102,233</u>
Expenditures			
Salaries	64,362	64,362	63,478
Employee benefits	843	1,518	1,633
Purchased services	15,170	14,495	14,563
Supplies and materials	1,500	1,500	2,202
Total Expenditures	<u>81,875</u>	<u>81,875</u>	<u>81,876</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>20,357</u>
Other Financing Sources (Uses):			
Interest	-	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balance	-	-	20,358
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>(30,595)</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (10,237)</u></u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	Bus Driver Permit Fund	General Education Development Fund	Institute Fund	Olympiad Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 12,462	\$ -
Due from other funds	7,210	15,576	10,090	5,290
Due from other governments	-	393	95	-
Total Assets	<u><u>\$ 7,210</u></u>	<u><u>\$ 15,969</u></u>	<u><u>\$ 22,647</u></u>	<u><u>\$ 5,290</u></u>
Liabilities				
Accounts payable	\$ 232	\$ 219	\$ 19	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>232</u>	<u>219</u>	<u>19</u>	<u>-</u>
Fund Balance				
Assigned	-	-	-	5,290
Restricted	6,978	15,750	22,628	-
Total Fund Balances	<u>6,978</u>	<u>15,750</u>	<u>22,628</u>	<u>5,290</u>
Total Liabilities and Fund Balances	<u><u>\$ 7,210</u></u>	<u><u>\$ 15,969</u></u>	<u><u>\$ 22,647</u></u>	<u><u>\$ 5,290</u></u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	Seventh Judicial Family Violence Prevention Fund	Teen Parent Services Fund	Trustee Fund	Total
Assets				
Cash and cash equivalents	\$ 7,893	\$ -	\$ 56	\$ 20,411
Due from other funds	-	-	-	38,166
Due from other governments	-	13,038	-	13,526
Total Assets	<u>\$ 7,893</u>	<u>\$ 13,038</u>	<u>\$ 56</u>	<u>\$ 72,103</u>
Liabilities				
Accounts payable	\$ -	\$ 138	\$ -	\$ 608
Due to other funds	-	7,004	-	7,004
Deferred revenue	7,893	5,896	-	13,789
Total Liabilities	<u>7,893</u>	<u>13,038</u>	<u>-</u>	<u>21,401</u>
Fund Balance				
Assigned	-	-	56	5,346
Restricted	-	-	-	45,356
Total Fund Balances	<u>-</u>	<u>-</u>	<u>56</u>	<u>50,702</u>
Total Liabilities and Fund Balances	<u>\$ 7,893</u>	<u>\$ 13,038</u>	<u>\$ 56</u>	<u>\$ 72,103</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011

	Bus Driver Permit Fund	General Education Development Fund	Institute Fund	Olympiad Fund
Revenues				
Local sources	\$ 1,506	\$ 20,348	\$ 23,756	\$ 10,925
State sources	873	-	-	-
Federal sources	-	-	-	-
Total Revenues	<u>2,379</u>	<u>20,348</u>	<u>23,756</u>	<u>10,925</u>
Expenditures				
Salaries	-	9,056	-	-
Employee benefits	-	136	-	-
Purchased services	2,169	6,522	19,973	11,106
Supplies and materials	208	273	4,589	1,251
Capital outlay	-	-	-	-
Other	-	-	5,660	-
Total Expenditures	<u>2,377</u>	<u>15,987</u>	<u>30,222</u>	<u>12,357</u>
Net Change in Fund Balance	2	4,361	(6,466)	(1,432)
Fund Balance - Beginning, Restated	<u>6,976</u>	<u>11,389</u>	<u>29,094</u>	<u>6,722</u>
Fund Balance - Ending	<u>\$ 6,978</u>	<u>\$ 15,750</u>	<u>\$ 22,628</u>	<u>\$ 5,290</u>

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011

	Seventh Judicial Family Violence Prevention Fund	Teen Parent Services Fund	Trustee Fund	Total
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 56,535
State sources	19,509	23,275	-	43,657
Federal sources	-	7,237	-	7,237
Total Revenues	<u>19,509</u>	<u>30,512</u>	<u>-</u>	<u>107,429</u>
Expenditures				
Salaries	12,877	8,151	-	30,084
Employee benefits	2,291	117	-	2,544
Purchased services	1,670	22,244	-	63,684
Supplies and materials	877	-	-	7,198
Capital outlay	1,794	-	-	1,794
Other	-	-	-	5,660
Total Expenditures	<u>19,509</u>	<u>30,512</u>	<u>-</u>	<u>110,964</u>
Net Change in Fund Balance	-	-	-	(3,535)
Fund Balance - Beginning, Restated	<u>-</u>	<u>-</u>	<u>56</u>	<u>54,237</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 56</u></u>	<u><u>\$ 50,702</u></u>