

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #43**  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2009

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

REGIONAL OFFICE OF EDUCATION #43

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REGIONAL OFFICE OF EDUCATION #43

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REGIONAL OFFICE OF EDUCATION #43  
OFFICIALS

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Regional Superintendent

Ms. Ronda Bangert-Cross  
(current and during audit period)

Assistant Regional Superintendent

Mr. Patrick Durley  
(current and during audit period)

Office is located at:

117 South Jefferson  
Washburn, IL 61570

REGIONAL OFFICE OF EDUCATION #43

FINANCIAL REPORT SUMMARY

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
09-01	9	Controls Over Financial Statement Preparation	Significant Deficiency

**PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)**

None

**EXIT CONFERENCE**

An exit conference was held on July 22, 2010 via conference call with ROE No. 43. Attending were Honorable Ronda Bangert-Cross, Regional Superintendent; Kelly Mittelstaedt, Office of the Auditor General; Jeanne Michaud, Office of the Auditor General and Gary Shadid, Martin & Shadid, CPA's, P.C. Responses to the recommendations were provided by Honorable Ronda Bangert-Cross on July 6, 2010.

REGIONAL OFFICE OF EDUCATION #43  
FINANCIAL STATEMENT REPORT  
SUMMARY

The audit of the accompanying basic financial statements of Regional Office of Education #43 was performed by Martin & Shadid, CPAs, P.C.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #43's basic financial statements.

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INDEPENDENT AUDITORS' REPORT

*Honorable William G. Holland*  
*Auditor General*  
*State of Illinois*

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall/Putnam/Woodford Counties Regional Office of Education #43, as of and for the year ended June 30, 2009, which collectively comprise the Marshall/Putnam/Woodford Counties Regional Office of Education #43's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Marshall/Putnam/Woodford Counties Regional Office of Education #43's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall/Putnam/Woodford Counties Regional Office of Education #43, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 16, 2010 on our consideration of the Marshall/Putnam/Woodford Counties Regional Office of Education #43's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 14 through 17 is not a required part of the basic financial statements but is 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 Marshall/Putnam/Woodford Counties Regional Office of Education #43's basic financial statements. The combining and individual 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 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.

*Martin & Shadid, CPAs, P.C.*

August 16, 2010



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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, each major fund, and the aggregate remaining fund information of the Marshall/Putnam/Woodford Counties Regional Office of Education #43, as of and for the year ended June 30, 2009, which collectively comprise the Marshall/Putnam/Woodford Counties Regional Office of Education #43's basic financial statements and have issued our report thereon dated August 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Marshall/Putnam/Woodford Counties Regional Office of Education #43'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 Marshall/Putnam/Woodford Counties Regional Office of Education #43's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education 43's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose

described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in finding 09-01 in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshall/Putnam/Woodford Counties Regional Office of Education #43'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*.

Marshall/Putnam/Woodford Counties Regional Office of Education #43's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Marshall/Putnam/Woodford Counties Regional Office of Education #43's response and, accordingly, we express no opinion on it.

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

*Martin & Shedd, CPAs, P.C.*

August 16, 2010

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2009

**Section 1: Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
● Material weakness identified?	No
● Significant deficiency identified that is not considered to be material weakness?	Yes
● Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
● Material weakness identified?	Not applicable
● Significant deficiency identified that is not considered to be material weakness?	Not applicable
Type of auditor's report issued on compliance for major programs:	Not applicable
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Not applicable
Identification of major programs:	
<b>CFDA Numbers</b>	<b>Name of Federal Program or Cluster</b>
Not applicable	
Dollar threshold used to distinguish between Type A and Type B programs:	Not applicable
Auditee qualified as low-risk auditee?	Not applicable

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2009

**FINDING 09-1 – Controls Over Financial Statement Preparation** (Repeated from Finding 08-1 and 07-1)

**CRITERIA/SPECIFIC REQUIREMENT:**

The Marshall/Putnam/Woodford Counties Regional Office of Education #43 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 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 #43 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.

**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 did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

**RECOMMENDATION:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #43 should implement a comprehensive preparation and/or review procedure to ensure 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.

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2009

**MANAGEMENT'S RESPONSE:**

The Regional Office of Education #43 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and review financial statements would diminish the limited available funds for educational services in the region. Management will monitor the internal controls and need for additional training and implement training as funding in the State budget allows.

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III - FEDERAL AWARD FINDINGS  
For Year Ended June 30, 2009

Not Applicable

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2009

**Corrective Action Plan**

**FINDING 09-01**

**CONDITION:**

The Regional Office of Education #43 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.

**PLAN:**

The Regional Office of Education #43 understands the nature of this finding and realizes this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and review financial statements would diminish the limited available funds for educational services in the region. Management will monitor the internal controls and need for additional training and implement training as funding allows.

**ANTICIPATED DATE OF COMPLETION:**

Undetermined

**CONTACT PERSON:**

Ronda Bangert, Regional Superintendent

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For Year Ended June 30, 2009

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
08-1	Controls over financial statement preparation	Repeated.



MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

The Regional Office of Education #43 for the counties of Marshall, Putnam, and Woodford provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2009 with comparative information for the year ended June 30, 2008. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Regional Office of Education #43's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board and is comprised of the Statement of Net Assets, the Statement of Activities and notes to financial statements.

The Statement of Net Assets presents information on the Regional Office of Education #43's assets and liabilities and the resulting net assets. This statement also reflects the Regional Office of Education #43's investment in capital assets, net of depreciation, and unrestricted fund balances.

The Statement of Activities presents information regarding changes during the fiscal year ended June 30, 2009. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**FINANCIAL HIGHLIGHTS**

The Governmental activities' net assets increased from \$222,806 in fiscal year 2008 to \$276,178 in fiscal year 2009.

**REPORTING THE OFFICE AS A WHOLE**

The government-wide statements report information about the Regional Office of Education #43 as a whole. All of the current year revenues and expenses are accounted for in the statements using accounting methods similar to those used by private-sector companies.

The government-wide statements report the Office's net assets and how they have changed. Net assets are one indicator of the Office's financial health. In addition to increases or decreases in the net assets one must also assess non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level to form an accurate measure of the Office's financial position.

The government-wide financial statements present all of the Office's activities. Local, state and federal sources of revenue are included in these activities.

The fund financial statements provide detailed information about the Office's funds. These individual funds track the source and spending for particular programs. State law requires some funds. The Office establishes other funds for the control and management of funds for particular purposes.

The office has two kinds of funds:

1. Governmental funds account for all of the Office's services. Fund statements provide a detailed view to determine whether there are more or fewer resources available for the Office's programs. These funds include general and special revenue funds.
2. Fiduciary funds are used to account for assets held by the Office in a custodial nature and do not involve measurement of results of operations.

### OFFICE-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the financial position of the Office. The Office's net assets on June 30, 2009 indicated an increase of \$53,373. The statement that follows provides a summary of the Office's net assets on June 30, 2009.

	<u>2008</u>	<u>2009</u>
Current assets	\$259,549	\$362,507
Noncurrent assets - capital assets	<u>1,872</u>	<u>2,186</u>
Total Assets	<u>\$261,421</u>	<u>\$364,693</u>
 Current liabilities		
Total Liabilities	<u>\$ 38,615</u>	<u>\$88,514</u>
 Net assets:		
Invested in capital assets	\$ 1,872	\$ 2,186
Unrestricted	203,516	250,536
Restricted for teacher professional development	<u>17,418</u>	<u>23,457</u>
Total Net Assets	<u>\$222,806</u>	<u>\$276,179</u>

The Office's net assets increased from \$222,806 to \$276,178. The net assets related to the Institute Fund are considered restricted for teacher professional development. The statement that follows shows the changes in net assets for the year ended June 30, 2009.

	<u>2008</u>	<u>2009</u>
Revenues:		
Program Revenues		
State sources	\$132,796	\$77,107
Federal sources	11,028	57,183
Local sources	<u>4,081</u>	<u>4,204</u>
Total Program Revenues	<u>\$147,905</u>	<u>\$138,494</u>
 General Revenues:		
Local sources	\$51,489	\$38,511
State sources	179,050	193,219
On-behalf payments	275,568	281,697
Interest	<u>4,683</u>	<u>3,533</u>
Total General Revenues	<u>\$510,790</u>	<u>\$516,960</u>
 Total Revenues	<u>\$658,695</u>	<u>\$655,454</u>
 Expenses:		
Program Expenses		

Salaries	\$184,798	\$195,928
Employee benefits	29,136	29,432
Purchased services	99,994	64,778
Supplies and materials	13,802	12,386
Other expenses	-	980
Payments to other Gov. Units	9,470	15,020
Subscriptions	-	1,349
Depreciation	132	511
Administrative Expenses		
On-behalf payments-State	235,810	237,052
On-behalf payments-Local	<u>39,758</u>	<u>44,645</u>
Total Expenses	<u>\$612,900</u>	<u>\$602,081</u>
Change in net assets	\$ 45,795	\$53,373
Net assets beginning of year	<u>177,011</u>	<u>222,806</u>
Net assets end of year	<u>\$222,806</u>	<u>\$276,179</u>

### **FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION #43 FUNDS**

The Regional Office of Education #43 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Regional Office of Education #43 is a member of a cooperative with the Regional Office of Education #35 to provide school services to our three-county area. Since the Regional Office of Education #35 is the fiscal agent for that cooperative, the funds directly included in this Office's accounting system are limited.

The Office maintains a recognized "Hot Lunch Program" serving the "Regional Safe Schools Program" students housed on location. All accounting for this program is included in this report. This account is in sound financial condition largely due to the contract and cooperation of the Lowpoint-Washburn CUSD #21, contracted meal provider.

The Office annually prepares a budget for Office Operations, which is submitted to the three county boards serving the area. The fiscal year for this budget runs from December 1 to November 30. Any major increase in this funding level to provide additional operation funds is not realistic at this time due to financial restraints of all three county boards.

The Institute Fund funds were chiefly allocated for expenses incurred in presenting a Teacher Institute in October available to teachers in all school districts in the three counties during the FY09 school year. The office staff conducts a needs assessment survey with input from local school district teachers and administrators to determine professional development needs. Workshops and institutes are established that can assist the districts in the region improve instruction or educate individuals on state and federal mandates.

The Bus Driver Training Fund is used to annually train new bus driving applicants and provide refresher courses to existing bus drivers for a total number of approximately 200 individuals annually. The Bus Fund receives revenues from State sources in the amount of \$663 annually and collects participant fees (\$4 per person-3 hrs. of training). In an effort to put the fund in a positive fiscal status, the Office has reduced the bus trainings offered from nine to six per year. Due to the large geographic region or the time of the year offered, it is less feasible to reduce any more trainings. This fund has a positive balance.

The GED Fund collects participant fees, which are used to reimburse testing sites outside of the Office's area. This Office does not administer the GED test due to the small number of participants, which would dictate infrequent test administration dates. It is felt that use of outside area test administration sites provides more frequent test dates for the benefit of the participants, with little added burden as test sites are within reasonable driving distance. This fund has a positive balance.

The Regional Safe Schools Program (RSSP) provides funds to a program that increases safety in the public schools and promotes a positive learning environment for the students attending the RSSP. The program works to meet the educational needs of severely disruptive students in an alternative learning environment. This fund has a positive balance.

The Principal Mentoring program was started in the FY08 school year. Funding is provided on an annual basis by the ISBE through the Illinois Principals' Association. The Regional Office of Education #43 applied as a provider and was granted a three-year agreement for the Principal Mentoring. The Office has a positive fund balance for this fee for service project.

The McKinney-Vento Homeless Act provides funds for assisting homeless families/students with educational needs through the Regional Office or the school district. This fund began in FY08 school year and provides for materials, supplies, transportation, and professional development to name a few categories. The Regional Office of Education #43 applied as a sub-grantee and was awarded the McKinney-Vento Act grant. This grant is received from the Illinois State Board of Education on an annual basis.

The Office has a small amount of Capital Assets. The Capital Assets are limited to office equipment. Much of the equipment used by the Office was purchased and owned by the county governments of the three counties, or the cooperative with Regional Office of Education #35 used to provide school services.

The future financial condition of this Office appears sound, but with the need for continued diligence and adjustments of service delivery. The revenue sources are a function of State and Local funding and allowable participant fees. With no expected State funding increase and no expected increase in participant fees and inflationary cost increases, there will need to be sound financial management by making adjustments in service delivery systems and reducing or removing activities to remain fiscally responsible.

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability of funds. If the reader has questions concerning this report or needs additional information regarding its contents, please contact the Regional Superintendent of the Regional Office of Education #43 at 117 South Jefferson Street, Washburn, IL 61570.

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

<u>ASSETS</u>	<u>Primary Governmental Activities</u>
Current Assets:	
Cash	\$ 263,987
Accounts Receivable	44
Prepaid Assets	637
Due from other governmental units:	
State	94,257
Other governmental units	3,582
Total Current Assets	\$ 362,507
Noncurrent Assets:	
Capital assets, being depreciated, net	\$ 2,186
Total Noncurrent Assets	\$ 2,186
Total Assets	\$ 364,693

<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	\$ 1,767
Due to other governmental units:	
State	524
Salaries payable	3,525
Benefits payable	63
Deferred revenue	82,635
Total Liabilities	\$ 88,514

<u>NET ASSETS</u>	
Investment in capital assets, net of related debt	\$ 2,186
Unrestricted	250,536
Restricted for teacher professional development	23,457
Total Net Assets	\$ 276,179

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

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS			Net (Expense) Revenue and Changes in Net Assets	
Primary government:	<u>Expenses</u>	Program <u>Revenues</u>	Primary Government	
Governmental activities:			<u>Governmental Activities</u>	<u>Total</u>
Instructional activities:				
Salaries	\$ 195,928	\$ 90,913	\$ (105,015)	\$ (105,015)
Employee benefits	29,432	15,361	(14,071)	(14,071)
Purchased services	64,778	21,837	(42,941)	(42,941)
Supplies and materials	12,386	3,029	(9,357)	(9,357)
Other Expenses	980	-	(980)	(980)
Capital outlay	-	825	825	825
Payments to other governmental units	15,020	6,398	(8,622)	(8,622)
Subscriptions	1,349	131	(1,218)	(1,218)
Depreciation	511	-	(511)	(511)
Administrative:				
On-behalf payments	281,697	-	(281,697)	(281,697)
Total governmental activities	602,081	138,494	(463,587)	(463,587)
Total primary government	\$ 602,081	\$ 138,494	\$ (463,587)	\$ (463,587)
General Revenues:				
Local sources			\$ 38,511	\$ 38,511
State sources			193,219	193,219
On-behalf payments			281,697	281,697
Interest			3,533	3,533
Total general revenues			\$ 516,960	\$ 516,960
Change in net assets			\$ 53,373	\$ 53,373
Net assets, beginning			222,806	222,806
Net assets, ending			\$ 276,179	\$ 276,179

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

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

<u>ASSETS</u>	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>G.E.D. Fund</u>	<u>Bus Driver Fund</u>	<u>Supervisory Fund</u>	<u>Total Governmental Funds</u>
Cash	\$ -	\$ 214,396	\$ 41,218	\$ 6,773	\$ 1,340	\$ 260	\$ 263,987
Accounts Receivable	-	44	-	-	-	-	44
Prepaid Assets	-	33	604	-	-	-	\$ 637
Due from other governmental units:							
State	-	94,257	-	-	-	-	94,257
Local	-	2,100	1,474	-	8	-	3,582
Total Assets	<u>\$ -</u>	<u>\$ 310,830</u>	<u>\$ 43,296</u>	<u>\$ 6,773</u>	<u>\$ 1,348</u>	<u>\$ 260</u>	<u>\$ 362,507</u>
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Due to other governmental units:							
State	\$ -	\$ -	\$ 524	\$ -	\$ -	\$ -	\$ 524
Accounts payable	-	360	830	-	318	259	1,767
Salaries payable	-	3,525	-	-	-	-	3,525
Benefits payable	-	63	-	-	-	-	63
Deferred revenue	-	64,150	18,485	-	-	-	82,635
Total Liabilities	<u>\$ -</u>	<u>\$ 68,098</u>	<u>\$ 19,839</u>	<u>\$ -</u>	<u>\$ 318</u>	<u>\$ 259</u>	<u>\$ 88,514</u>
FUND BALANCES							
Unreserved, reported in:							
General fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	242,732	23,457	6,773	1,030	1	273,993
Total Fund Balances	<u>\$ -</u>	<u>\$ 242,732</u>	<u>\$ 23,457</u>	<u>\$ 6,773</u>	<u>\$ 1,030</u>	<u>\$ 1</u>	<u>\$ 273,993</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 310,830</u>	<u>\$ 43,296</u>	<u>\$ 6,773</u>	<u>\$ 1,348</u>	<u>\$ 260</u>	<u>\$ 362,507</u>

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

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$ 273,993
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	2,186
Net assets of governmental activities	<u>\$ 276,179</u>

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



MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Education Fund	Institute Fund	G.E.D. Fund	Bus Driver Fund	Supervisory Fund	Total Governmental Funds
REVENUES:							
Local sources	\$ -	\$ 12,566	\$ 30,744	\$ 2,149	\$ 786	\$ 3	\$ 46,248
State sources	-	266,663	-	-	663	3,000	270,326
Federal sources	-	57,183	-	-	-	-	57,183
On-behalf payments	250,402	31,295	-	-	-	-	281,697
Total Revenues	<u>\$ 250,402</u>	<u>\$ 367,707</u>	<u>\$ 30,744</u>	<u>\$ 2,149</u>	<u>\$ 1,449</u>	<u>\$ 3,003</u>	<u>\$ 655,454</u>
EXPENDITURES:							
Education:							
Salaries	\$ -	\$ 195,928	\$ -	\$ -	\$ -	\$ -	\$ 195,928
Employee benefits	-	29,432	-	-	-	-	29,432
Purchased services	-	44,629	13,788	1,554	861	3,946	64,778
Supplies and materials	-	11,374	946	66	-	-	12,386
Other Expenses	-	980	-	-	-	-	980
Dues & Subscriptions	-	-	1,349	-	-	-	1,349
Transfers - payments to other governmental units	-	6,398	8,622	-	-	-	15,020
On-behalf payments	250,402	31,295	-	-	-	-	281,697
Capital Outlay	-	825	-	-	-	-	825
Total Expenditures	<u>\$ 250,402</u>	<u>\$ 320,861</u>	<u>\$ 24,705</u>	<u>\$ 1,620</u>	<u>\$ 861</u>	<u>\$ 3,946</u>	<u>\$ 602,395</u>
Net change in fund balances	\$ -	\$ 46,846	\$ 6,039	\$ 529	\$ 588	\$ (943)	\$ 53,059
Fund balances - Beginning	-	195,886	17,418	6,244	442	944	220,934
Fund balances - Ending	<u>\$ -</u>	<u>\$ 242,732</u>	<u>\$ 23,457</u>	<u>\$ 6,773</u>	<u>\$ 1,030</u>	<u>\$ 1</u>	<u>\$ 273,993</u>

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

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances	\$	53,059
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$	825
Depreciation expense-current year	<u>(511)</u>	<u>314</u>
Change in net assets of governmental activities	\$	<u><u>53,373</u></u>

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

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2009

	Agency Funds
ASSETS:	
Cash and cash equivalents	\$ 21,196
Total Assets	<u>\$ 21,196</u>
LIABILITIES:	
Due to others	\$ 21,196
Total Liabilities	<u>\$ 21,196</u>

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

## REGIONAL OFFICE OF EDUCATION #43

### NOTES TO THE FINANCIAL STATEMENTS

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

The Marshall/Putnam/Woodford Counties Regional Office of Education's (ROE) accounting policies substantially comply with the rules prescribed by the Illinois State Board of Education (ISBE). These accounting policies conform to generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB), which are appropriate for local governmental units of this type.

#### A. Financial Reporting Entity

The Regional Office of Education was created by Illinois Public Act 88-89, as amended. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). The ROE #43 encompasses Marshall, Putnam, and Woodford Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent is charged with responsibility for township fund lands, registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; inspection of public schools; direction of teachers and school officers; to serve as the official advisor and assistant to school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; 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 any monies distributed to treasurers, board presidents, clerks and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the ROE #43'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 by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under her 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 region, or see that no payments are made unless the treasurer has

## REGIONAL OFFICE OF EDUCATION #43

### NOTES TO THE FINANCIAL STATEMENTS

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, 2009, ROE #43 applied for, received, and administered State and federal programs and grants in assistance of the educational activities of the school districts in the region. Such activities are reported as a single major special revenue fund (Education Fund).

#### B. Scope of the Reporting Entity

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility in accordance with Statement No. 1 of the Governmental Accounting Standards Board.

The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the ROE's geographic responsibility, including joint agreements which serve pupils from numerous school districts, should be included within its financial entity. The criteria include but are not limited to, whether the ROE 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.

Certain joint agreements have been determined not to be 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 ROE does not control the assets, operations, or management of the joint agreements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the ROE's being considered a component unit of the entity.

#### C. Basis of Presentation and Basis of Accounting

The financial activities of ROE #43 consist only of governmental activities. For its reporting purposes, the ROE has separate fund and government-wide financial statements and reconciles individual line items of fund financial data to government-wide data. A brief description of the ROE's government-wide and fund financial statements is as follows:

**Government-wide Statements:** The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the ROE. The financial activities of the ROE consist only of governmental activities, which are primarily supported by State and federal revenues.

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the ROE gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from

## REGIONAL OFFICE OF EDUCATION #43

### NOTES TO THE FINANCIAL STATEMENTS

grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the ROE's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported in a single column.

Governmental Funds – The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accounting records and reports made by ROE officials are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. For purposes of these financial statements, the accounting for all the funds has been converted to the modified accrual basis, as required by generally accepted accounting principles. Under the 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.

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 amounts will be paid to the ROE; therefore, revenues are recognized based upon the expenditure recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable 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.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Major Funds – Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% of the total for all governmental funds also be reported as major funds. Accordingly, the ROE administers the following major governmental funds:

General Funds - General Funds are the general operating funds of the ROE. These funds account for all financial resources except those required to be accounted for in another fund. The general fund

REGIONAL OFFICE OF EDUCATION #43

NOTES TO THE FINANCIAL STATEMENTS

accounts for the ROE's on-behalf payments from the State of Illinois and the counties to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff.

Education Funds – These funds account for funds administered by the ROE. Revenue is provided by federal and State of Illinois grant funds. A description of the ROE's Education funds follows:

Alternative Hot Lunch Program - The program accounts for lunch funds administered by the ROE for the Regional Safe School Program. Revenue is provided by federal and State of Illinois grant funds and local sources.

Regional Safe Schools – Funds for programs to increase safety and promote the learning environment in schools. The school was designed to meet the educational needs of multiple suspended or expelled students in an alternative educational environment.

Principal Mentoring Program – The program provides support and learning opportunities for new principals to transition into effective educational leaders as state funding allows.

McKinney Education for Homeless Children – The Homeless Youth Connection provides services for the educational needs of homeless PK-12 students in Marshall, Putnam and Woodford counties. The goal of the program is to ensure that homeless students receive the services they need to attend school on a regular basis despite being homeless.

Gifted Education – The Gifted Education Fund is a grant from the Illinois State Board of Education for the fiscal year 2010 school year. The purpose of the grant is for the Regional Office of Education to provide professional development to area teachers in gifted education instructional practices. The grant will be in place until August 31, 2010.

Institute Fund – This fund accounts for the ROE's leadership of the assets held in trust for the benefit of the ROE's teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences and workshops.

General Educational Development Fund (GED) – This fund accounts for the ROE's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Bus Driver Fund – This fund accounts for the ROE's stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Supervisory Fund – This fund accounts for monies from the State of Illinois for expenditures incurred providing supervisory services in the three counties.

REGIONAL OFFICE OF EDUCATION #43

NOTES TO THE FINANCIAL STATEMENTS

Fiduciary Fund Types – Agency Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Interest earned on distributive funds is distributed to schools and other organizations periodically. A description of the ROE’s fiduciary funds are as follows:

Distributive Fund – This fund accounts for the pass-through of State monies from the Regional Office of Education to the various school districts within the ROE’s geographic responsibility. At any given point in time, total fund assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held. Agency funds have no fund equity and do not involve measurement of revenues, expenditures, or expenses.

Regional Trustees Fund – This fund accounts for taxpayer deposits used to cover costs of redistricting hearings.

D. Budget and Budgetary Accounting

The ROE does not adopt and is not legally required to adopt a formal budget for all revenues and expenditures of the governmental funds. The Regional Safe Schools and McKinney Education for Homeless Children programs administered by the ROE is subject to budget approval by the ISBE.

E. Assets, Liabilities and Net Assets

**Deposits and investments**

The ROE’s cash and cash equivalents are considered to be demand deposits and short-term investments. The ROE records investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund’s Statement of Revenues, Expenditures and Changes in Fund Balance.

**Receivables and payables**

Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as “due to/from” the other funds or entities. “Other Funds” are funds managed by ROE #43. “Other Governmental Units” include the Federal Government or political subdivisions of the State of Illinois.

Accounts payable represents amounts owed at the end of the year that will be paid in the next year. These are amounts due to vendors and others.



NOTES TO THE FINANCIAL STATEMENTS

**Capital assets**

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$1,000 or more. Capital assets are recorded at historical costs if purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight line method with an estimated useful life of 5 years.

Marshall, Putnam and Woodford Counties provide most of the fixed assets used by ROE #43. Thus, the counties are responsible for those records and the recording of those assets.

**Deferred revenue**

Deferred revenue arises when the ROE receives resources before it has a legal claim, as when monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the ROE has a legal claim to the resources, revenue is recognized.

**Net assets**

In the government-wide financial statements, equity is displayed in three components as follows:

Investment in capital assets-net of related debt – This category groups all capital assets into one component of net assets. Accumulated depreciation on these assets reduces this category.

Unrestricted net assets – This category represents the net assets of the ROE that are not restricted for any project or other purpose.

Restricted for teacher professional development – Teacher registration fees are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on these activities.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REGIONAL OFFICE OF EDUCATION #43

NOTES TO THE FINANCIAL STATEMENTS

G. Intergovernmental Agreement

On July 1, 1998, ROE #43 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

The name of the Educational Service Delivery System formed is known as the LaSalle County-Marshall, Putnam, Woodford County Service Delivery System. The LaSalle County Regional Office of Education was designated as Administrative Agent for ROE Services. The following grants of Marshall/Putnam/Woodford Counties Regional Office of Education #43 were assigned to the LaSalle County - Putnam, Marshall, Woodford County Service Delivery System: Illinois Administrators' Academy, ROE Operations, Internal Review, Gifted, Truants Alternative Program, RESPRO and Learning Technology Center.

NOTE 2: DEPOSITS AND INVESTMENTS

The deposits and investments of ROE monies are governed by the provisions of the Illinois Revised Statutes. The ROE has policies regarding custodial credit risk for deposits.

At June 30, 2009, the carrying amount of the ROE's deposits was \$285,183 and the bank balances were \$269,887. All of these balances were covered by federal depository insurance.

The Regional Office of Education #43 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2009, the Regional Office of Education #43 had investments with carrying and fair value of \$20,021 invested in the Illinois Funds Money Market Fund.

NOTE 3: COMMON BANK ACCOUNT

The Regional Office of Education #43 does not maintain separate bank accounts for all funds. The accounting records being maintained show the portion of the common checking account balance attributable to each participating fund.

NOTE 4: DUE TO/FROM OTHERS

Due to others consists of the following at June 30, 2009:

<u>Due to</u>	<u>Fund</u>	<u>Amount</u>
Various school districts and agencies	Distributive	\$ 20,021
Illinois State Board of Education	Institute Fund	524
Individual taxpayer	Regional Trustees	<u>1,175</u>
Total		<u>\$21,720</u>

REGIONAL OFFICE OF EDUCATION #43

NOTES TO THE FINANCIAL STATEMENTS

Due from others consists of the following at June 30, 2009:

<u>Due from</u>	<u>Fund</u>	<u>Amount</u>
Illinois State Board of Education	Alternative Hot Lunch Fund	\$ 54
LaSalle ROE #35	Institute Fund	1,474
Various school districts	Bus Driver	8
Illinois State Board of Education	Principal Mentoring	1,500
LaSalle ROE #35	RSSP Grant	2,100
Illinois State Board of Education	RSSP Grant	29,484
Illinois State Board of Education	Gifted Education	<u>63,219</u>
Total		<u>\$97,839</u>

NOTE 5: CAPITAL ASSETS

Capital asset activity during the 2009 fiscal year was as follows:

	Balance			Balance
	<u>7-1-08</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-09</u>
Equipment	\$3,181	\$ 825	\$ -	\$4,006
Less accumulated depreciation	<u>1,309</u>	<u>511</u>	<u>-</u>	<u>1,820</u>
Total	<u>\$1,872</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ 2,186</u>

NOTE 6: ON-BEHALF PAYMENTS

The following 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 Superintendent salary	\$ 96,435
Regional Superintendent benefits (incl: State pd. insurance)	11,577
Assistant Regional Superintendent salary	86,791
Assistant Regional Superintendent benefits (incl: State pd. insurance)	10,954
TRS contributions	<u>31,295</u>
Total	<u>\$237,052</u>

REGIONAL OFFICE OF EDUCATION #43

NOTES TO THE FINANCIAL STATEMENTS

The following salaries and benefit data for other employees of the ROE was calculated based on data provided by Woodford County:

Salaries	\$39,780
Benefits	<u>4,865</u>
Total	<u>\$44,645</u>

NOTE 7: RETIREMENT FUND COMMITMENTS

A Teachers' Retirement System of the State of Illinois

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

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

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

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees.

- On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2009, State of Illinois contributions were based on 17.08 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$31,295 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings were 13.11 percent \$20,136 and 9.78 percent \$13,633.

REGIONAL OFFICE OF EDUCATION #43

NOTES TO THE FINANCIAL STATEMENTS

The ROE makes other types of employer contributions directly to TRS.

- 2.2 formula contributions.  
Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2009 were \$906. Contributions for the years ending June 30, 2008 and June 30, 2007 were \$895 and \$808, respectively.
- Federal and trust fund contributions. When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ending June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and trust funds. For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and trust funds. For the year ended June 30, 2007, the employer contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2009, there were no salaries paid from federal and trust funds. For the years ended June 30, 2008 and June 30, 2007, required ROE contributions were \$0 and \$0, respectively.

- Early Retirement Option. The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program, which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

## REGIONAL OFFICE OF EDUCATION #43

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2009, the ROE paid no employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2008 and June 30, 2007, the ROE paid \$0 and \$0 in employer ERO contributions, respectively.

- Salary increases over 6 percent and excess sick leave. Public Act 94-0004 added two new employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2009, the ROE paid no required contributions to TRS for salary increases in excess of 6 percent. For the years ended June 30, 2008 and June 30, 2007, the ROE paid no required contributions to TRS for salary increases in excess of 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2009).

For the year ended June 30, 2009, the ROE paid no required contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2008 and June 30, 2007, the ROE paid no employer contributions granted for sick leave days, respectively.

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

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at [www.trs.illinois.gov](http://www.trs.illinois.gov).

#### NOTE 8: NEW ACCOUNTING PRONOUNCEMENTS

Effective June 30, 2009, the ROE adopted Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. There was no impact on the ROE's financial statements as a result of adopting this statement.

REGIONAL OFFICE OF EDUCATION #43

NOTES TO THE FINANCIAL STATEMENTS

Effective June 30, 2009, the ROE adopted Governmental Accounting Standards Board Statement No. 52, Land and Other Real Estate Held as Investments by Endowments. There was no impact on the ROE's financial statements as a result of adopting this statement.

NOTE 9: USE OF FUNDING RESOURCES

Under the terms of grant agreements, the ROE funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the policy of the ROE to first apply cost-reimbursement grant resources to such programs and then general revenues.

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
JUNE 30,2009

	Alternative Hot <u>Lunch</u>	Regional Safe <u>Schools</u>	Principal <u>Mentoring</u>	McKinney Education for Homeless <u>Children</u>	Gifted <u>Education</u>	<u>Total</u>
<u>ASSETS</u>						
Cash	\$ 3,729	\$ 206,789	\$ 3,697	\$ 181	\$ -	\$ 214,396
Prepaid Asset		33			-	33
Due from other governmental units:						
Local		2,100			-	2,100
State	54	29,484	1,500	-	63,219	94,257
Accounts Receivable	-	44	-	-	-	44
	<hr/>					
Total Assets	\$ 3,783	\$ 238,450	\$ 5,197	\$ 181	\$ 63,219	\$ 310,830
	<hr/>					
<u>LIABILITIES AND FUND BALANCE</u>						
LIABILITIES:						
Accounts payable	\$ 22	\$ 338	\$ -	\$ -	\$ -	\$ 360
Salaries payable		3,525			-	3,525
Benefits payable		63			-	63
Deferred revenue	-	-	750	181	63,219	64,150
	<hr/>					
Total Liabilities	\$ 22	\$ 3,926	\$ 750	\$ 181	\$ 63,219	\$ 68,098
	<hr/>					
FUND BALANCE						
Fund Balance:						
Unreserved	\$ 3,761	\$ 234,524	\$ 4,447	\$ -	\$ -	\$ 242,732
	<hr/>					
Total Fund Balance	\$ 3,761	\$ 234,524	\$ 4,447	\$ -	\$ -	\$ 242,732
	<hr/>					
Total Liabilities and Fund Balance	\$ 3,783	\$ 238,450	\$ 5,197	\$ 181	\$ 63,219	\$ 310,830
	<hr/>					



MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2009

	Alternative Hot <u>Lunch</u>	Regional Safe <u>Schools</u>	Principal <u>Mentoring</u>	McKinney Education for Homeless <u>Children</u>	Gifted <u>Education</u>	<u>Total</u>
REVENUES:						
Local sources:	\$ 4,198	\$ 8,332	\$ 36	\$ -	\$ -	\$ 12,566
State sources	172	264,241	2,250	-	-	266,663
Federal sources	5,524	43,252	-	8,407	-	57,183
On-behalf payments	-	31,295	-	-	-	31,295
	<hr/>					
Total Revenues	\$ 9,894	\$ 347,120	\$ 2,286	\$ 8,407	\$ -	\$ 367,707
	<hr/>					
EXPENDITURES:						
Salaries	\$ -	\$ 195,210	\$ -	\$ 718	\$ -	\$ 195,928
Employee benefits	-	29,365	-	67	-	29,432
Purchased services	8,810	35,199	147	473	-	44,629
Supplies and materials	-	10,163	460	751	-	11,374
Other Expenses	-	-	980	-	-	980
Transfers - payments to other government units	-	-	-	6,398	-	6,398
Capital outlay	-	825	-	-	-	825
On-behalf payments	-	31,295	-	-	-	31,295
	<hr/>					
Total Expenditures	\$ 8,810	\$ 302,057	\$ 1,587	\$ 8,407	\$ -	\$ 320,861
	<hr/>					
Net change in fund balances	\$ 1,084	\$ 45,063	\$ 699	\$ -	\$ -	\$ 46,846
	<hr/>					
Fund Balance - Beginning	2,677	189,461	3,748	-	-	195,886
	<hr/>					
Fund Balance - Ending	\$ 3,761	\$ 234,524	\$ 4,447	\$ -	\$ -	\$ 242,732
	<hr/>					

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009

	Regional Safe Schools		
	Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES:</b>			
Local sources	\$ -	\$ 8,332	\$ 8,332
State sources	117,937	264,241	146,304
Federal sources	-	43,252	43,252
On-behalf payments	-	31,295	31,295
Total Revenues	\$ 117,937	\$ 347,120	\$ 229,183
<b>EXPENDITURES:</b>			
Salaries	\$ 88,479	\$ 195,210	\$ (106,731)
Employee benefits	15,276	29,365	(14,089)
Purchased services	12,282	35,199	(22,917)
Supplies and materials	1,900	10,163	(8,263)
Capital outlay	-	825	(825)
On-behalf payments	-	31,295	(31,295)
Total Expenditures	\$ 117,937	\$ 302,057	\$ (184,120)
Net change in fund balance	\$ -	\$ 45,063	\$ 45,063
Fund Balance - Beginning		189,461	
Fund Balance - Ending		\$ 234,524	

Note: The budget amount reflects only the amounts pertaining to the Regional Safe School grant. The actual amounts reflect grant funds as well as other state funds plus local monies which are not subject to grant budget requirements.

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009

	McKinney Homeless Program		
	Budgeted	Actual	Variance
	Amounts	Amounts	Positive (Negative)
<b>REVENUES:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	8,407	8,407	-
Total Revenues	\$ 8,407	\$ 8,407	\$ -
<b>EXPENDITURES:</b>			
Salaries	\$ 700	\$ 718	\$ (18)
Employee benefits	60	67	(7)
Purchased services	475	473	2
Supplies and materials	915	751	164
Transfers - payments to other government units	6,257	6,398	(141)
Total Expenditures	\$ 8,407	\$ 8,407	\$ -
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning		<u>-</u>	
Fund Balance - Ending		<u>\$ -</u>	

MARSHALL/PUTNAM/WOODFORD COUNTIES REGIONAL OFFICE OF EDUCATION #43  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
JUNE 30, 2009

	<u>Distributive Fund</u>	<u>Regional Trustees Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	<u>\$ 20,021</u>	<u>\$ 1,175</u>	<u>\$ 21,196</u>
Total Assets	<u><u>\$ 20,021</u></u>	<u><u>\$ 1,175</u></u>	<u><u>\$ 21,196</u></u>
<b>LIABILITIES:</b>			
Due to others	<u>\$ 20,021</u>	<u>\$ 1,175</u>	<u>\$ 21,196</u>
Total Liabilities	<u><u>\$ 20,021</u></u>	<u><u>\$ 1,175</u></u>	<u><u>\$ 21,196</u></u>

MARSHALL/PUTNAM/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #43  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>7/1/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2009</u>
<b><u>Distributive Fund</u></b>				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 358</u>	<u>\$ 287,349</u>	<u>\$ 267,686</u>	<u>\$ 20,021</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 358</u>	<u>\$ 287,349</u>	<u>\$ 267,686</u>	<u>\$ 20,021</u>
 <b><u>Regional Trustees Fund</u></b>				
<u>ASSETS</u>				
Cash	<u>\$ 2,626</u>	<u>\$ 1,131</u>	<u>\$ 2,582</u>	<u>\$ 1,175</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 2,626</u>	<u>\$ 1,131</u>	<u>\$ 2,582</u>	<u>\$ 1,175</u>
 <b><u>Totals All Agency Funds</u></b>				
<u>ASSETS</u>				
Cash	<u>\$ 2,984</u>	<u>\$ 288,480</u>	<u>\$ 270,268</u>	<u>\$ 21,196</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 2,984</u>	<u>\$ 288,480</u>	<u>\$ 270,268</u>	<u>\$ 21,196</u>

MARSHALL/PUTNAM/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #43  
 SCHEDULE OF DISBURSEMENTS TO OTHER FUNDS  
 DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Regional Office of Education #43
	#43
State Free Lunch & Breakfast	\$ 172
Bus Driver Training	663
General State Aid	146,304
Regional Safe Schools	68,797
Supervisory Expense	3,000
Federal ARRA	43,252
Federal School Lunch	5,498
	\$ 267,686