

State of Illinois
BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
FINANCIAL AUDIT
For the Year Ended June 30, 2011

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

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**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

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**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

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 | 2 | 3 |
| Repeated audit findings | 2 | 2 |
| Prior recommendations implemented or not repeated | 1 | 1 |

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

Additional matters which are less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND RESPONSES

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> | <u>Finding Type</u> |
|---|-------------|--|------------------------|
| FINDINGS (GOVERNMENT AUDITING STANDARDS) | | | |
| 11-1 | 10 | Controls Over Compliance with Laws and Regulations | Noncompliance |
| 11-2 | 12 | Controls Over Financial Statement Preparation | Significant Deficiency |
| PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS) | | | |
| 10-2 | 17 | Inadequate Controls Over Property and Equipment | Significant Deficiency |

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

FINANCIAL REPORT SUMMARY (CONTINUED)

EXIT CONFERENCE

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2011. Throughout the audit, numerous meetings were held between auditors and Regional Office officials to discuss matters contained in this audit report. Responses to the recommendations were provided by Honorable Jeff Stephens, Regional Superintendent, on May 9, 2012.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unqualified opinion on the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, as of and for the year ended June 30, 2011, which collectively comprise the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, as of June 30, 2011, 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.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 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 the any of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 on our consideration of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United State of America has determined necessary to supplement, although not required to be part of, the basic financial statements.

The Illinois Municipal Retirement Fund Schedule of Funding Progress on page 47 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 18, 2012

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, as of and for the year ended June 30, 2011, which collectively comprise the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's basic financial statements and have issued our report thereon dated June 18, 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 11-2 in the accompanying Schedule of Findings and Responses 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 11-1.

We also noted certain matters which we have reported to management of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 in a separate letter dated June 18, 2012.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's responses and, accordingly, we express no opinion on them.

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

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 18, 2012

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Section I: Summary of Auditors' Results:

Financial Statements

Type of auditor's report issued: _____ Unqualified _____

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? x yes none reported

Noncompliance material to
financial statements noted? x yes no

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Section II: Financial Statement Findings:

Finding No. 11-1 Controls Over Compliance with Laws and Regulations (Repeat from 2010-No. 10-1 and 2009-No. 09-1)

Criteria/Specific Requirement:

The Illinois School Code (105 ILCS 5/3-14.20) requires the Regional Superintendent to inspect the building plans and specifications, including but not limited to plans and specifications for the heating, ventilating, lighting, seating, water supply, toilets and safety against fire of public school rooms and buildings submitted to him by school boards, and to approve all those which comply substantially with the statutorily authorized school building codes. The Regional Superintendent is to approve or deny the plans and specifications within three months after the date they were submitted by the school board.

Condition:

The Regional Office of Education No. 46 did not document its review and approval of all building plans and specifications as required by 105 ILCS 5/3-14.20. During testing of 5 building plans and specifications submitted to the Regional Office of Education No. 46 by school districts, auditors noted the following:

- 2 of 5 building plans submitted lacked required documentation showing Regional Office of Education No. 46's inspection.
- The Regional Office of Education No. 46 did not maintain its own listing of building inspection submissions. It relied on a listing from the Illinois State Board of Education (ISBE) website that did not clearly identify submissions for building inspections.

Effect:

The Regional Office of Education No. 46 did not comply with statutory requirements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Section II: Financial Statement Findings:

Finding No. 11-1 Controls Over Compliance with Laws and Regulations (Repeat from 2010-No. 10-1 and 2009-No. 09-1) (Continued)

Cause:

The Regional Office of Education No. 46 has inadequate controls in place to ensure that proper documentation regarding the building inspections and permits are obtained and maintained for future review.

Auditor's Recommendation:

The Regional Office of Education No. 46 should comply with the requirements of 105 ILCS 5/3-14.20 and maintain all required documentation for building inspections and have it appropriately approved. In addition, the Regional Office of Education No. 46 should maintain documentation showing all building plans submitted by school boards for inspection.

Management's Response:

The Regional Office has been moving forward on compliance with this requirement. While there were two of the five samples that had inadequate paperwork, it was a misunderstanding about amendments under the \$50,000 threshold. Both of these were less than \$50,000 but were not exempt from the requirements of 105 ILCS 5/3-14.20 due to the nature of the work performed. Both the ROE and the architect for the district failed to notice this. We continue to learn this very complicated process.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Section II: Financial Statement Findings:

FINDING NO. 11-2 - Controls Over Financial Statement Preparation (Repeat from 2010-No. 10-3, 2009-No. 09-3, 2008-No. 08-1, and 2007-No. 07-9)

Criteria/Specific Requirement:

The Regional Office of Education No. 46 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office of Education No. 46 internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education No. 46 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 46 maintains their accounting records on the cash basis of accounting. While the Regional Office of Education No. 46 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 and correct financial statement misstatements and disclosure omissions in a timely manner. Auditors, in their review of the Regional Office of Education No. 46's accounting records, noted numerous adjustments that were required to present financial statements in accordance with generally accepted accounting principles.

Effect:

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

Cause:

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Section II: Financial Statement Findings:

FINDING NO. 11-2 - Controls Over Financial Statement Preparation (Repeat from 2010-No. 10-3, 2009-No. 09-3, 2008-No. 08-1, and 2007-No. 07-9) (Continued)

Auditor's Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 46 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education No. 46's activities and operations.

Management's Response:

The ROE has made great strides in improving its accounting practices and procedures. We continue to improve our system in an effort to meet the necessary, ever-changing audit requirements.

ROE #46 is not financially able to hire a full-time CPA or retain one on a regular basis to complete financial statements as defined by the requirements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Section III: Federal Award Findings:

Not Applicable

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2011**

Finding No. 11-1 Controls Over Compliance with Laws and Regulations (Repeat from 2010-No. 10-1 and 2009-No. 09-1)

Condition:

The Regional Office of Education No. 46 did not document its review and approval of all building plans and specifications as required by 105 ILCS 5/3-14.20. During testing of 5 building plans and specifications submitted to the Regional Office of Education No. 46 by school districts, auditors noted the following:

- 2 of 5 building plans submitted lacked required documentation showing Regional Office of Education No. 46's inspection.
- The Regional Office of Education No. 46 did not maintain its own listing of building inspection submissions. It relied on a listing from the Illinois State Board of Education (ISBE) website that did not clearly identify submissions for building inspections.

Plan:

The ROE continues to learn and follow all known responsibilities under its' jurisdiction. We are making progress and will continue to do so. Again, we think we know what needs to be done and **will** do so accordingly.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Jeff Stephens, Regional Superintendent

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2011**

**FINDING NO. 11-2 - Controls Over Financial Statement Preparation (Repeat from 2010-
No. 10-3, 2009-No. 09-3, 2008-No. 08-1, and 2007-No. 07-9)**

Condition:

The Regional Office of Education No. 46 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 46 maintains their accounting records on the cash basis of accounting. While the Regional Office of Education No. 46 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 and correct financial statement misstatements and disclosure omissions in a timely manner. Auditors, in their review of the Regional Office of Education No. 46's accounting records, noted numerous adjustments that were required to present financial statements in accordance with generally accepted accounting principles.

Plan:

The ROE will continue to do all in its power to see that everything within its means will be done to ensure proper reporting of public funds.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Jeff Stephens, Regional Superintendent

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2011**

| <u>Finding Number</u> | <u>Condition</u> | <u>Current Status</u> |
|-----------------------|--|-----------------------|
| 10-1 | Controls Over Compliance with Laws and Regulations | Repeated |
| 10-2 | Inadequate Controls Over Property and Equipment | Resolved |
| 10-3 | Controls Over Financial Statement Preparation | Repeated |

BASIC FINANCIAL STATEMENTS

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF NET ASSETS
June 30, 2011

| | <u>Primary Government</u> <u>Governmental</u> <u>Activities</u> |
|---|---|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 418,518 |
| Accounts receivable | 1,521 |
| Due from other governments | <u>199,791</u> |
| Total current assets | 619,830 |
| Non-current assets: | |
| Capital assets, being depreciated, net | <u>24,889</u> |
| Total assets | <u>644,719</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 9,115 |
| Accrued liabilities | 68,703 |
| Due to other governments | 3,826 |
| Deferred revenue | <u>4,432</u> |
| Total current liabilities | <u>86,076</u> |
| Non-current liabilities: | |
| Compensated absences | <u>2,187</u> |
| Total liabilities | <u>88,263</u> |
| NET ASSETS | |
| Investment in capital assets, net of related debt | 24,889 |
| Unrestricted | 502,639 |
| Restricted for educational purposes | <u>28,928</u> |
| Total net assets | <u>\$ 556,456</u> |

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

| FUNCTIONS/PROGRAMS | <u>Expenses</u> | <u>Program Revenues Operating Grants and Contributions</u> | <u>Net (Expenses) Revenues and Changes in Net Assets Primary Governmental Activities</u> |
|--|------------------|--|--|
| Primary government: | | | |
| Governmental activities: | | | |
| Education: | | | |
| Salaries | \$ 1,036,922 | \$ 850,276 | \$ (186,646) |
| Benefits | 204,913 | 166,235 | (38,678) |
| Purchased services | 159,595 | 130,868 | (28,727) |
| Supplies and materials | 93,573 | 76,730 | (16,843) |
| Capital outlay | - | 598 | 598 |
| Miscellaneous | 15,087 | 12,371 | (2,716) |
| Payments to other governments | 14,553 | 11,933 | (2,620) |
| Depreciation and disposition losses | 11,548 | - | (11,548) |
| Administrative: | | | |
| On-behalf payments | 355,205 | - | (355,205) |
| Total primary government | <u>1,891,396</u> | <u>1,249,011</u> | <u>(642,385)</u> |
| General revenues: | | | |
| Local sources | | | 207,630 |
| On-behalf payments | | | 355,205 |
| Total general revenue | | | <u>562,835</u> |
| CHANGE IN NET ASSETS | | | (79,550) |
| NET ASSETS, BEGINNING OF YEAR AS RESTATED | | | <u>636,006</u> |
| NET ASSETS, END OF YEAR | | | <u>\$ 556,456</u> |

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

| | <u>General Fund</u> | <u>Education Fund</u> | <u>Alternative Schools Fund</u> | <u>Other Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|---------------------------|---|-------------------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 380,540 | \$ 8,258 | \$ - | \$ 29,720 | \$ 418,518 |
| Accounts receivable | 1,382 | - | - | 139 | 1,521 |
| Due from other governments | 10,706 | 189,085 | - | - | 199,791 |
| Due from other funds | 170,717 | - | - | - | 170,717 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 563,345 | \$ 197,343 | \$ - | \$ 29,859 | \$ 790,547 |
| LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 6,837 | \$ 1,347 | \$ - | \$ 931 | \$ 9,115 |
| Accrued liabilities | 50,907 | 17,796 | - | - | 68,703 |
| Due to other governments | - | 3,826 | - | - | 3,826 |
| Due to other funds | 775 | 169,942 | - | - | 170,717 |
| Deferred revenue | - | 34,122 | - | - | 34,122 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | 58,519 | 227,033 | - | 931 | 286,483 |
| FUND BALANCE (DEFICIT) | | | | | |
| Restricted | - | - | - | 28,928 | 28,928 |
| Assigned | 2,051 | - | - | - | 2,051 |
| Unassigned | 502,775 | (29,690) | - | - | 473,085 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total fund balance (deficit) | 504,826 | (29,690) | - | 28,928 | 504,064 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 563,345 | \$ 197,343 | \$ - | \$ 29,859 | \$ 790,547 |

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011**

| | | |
|--|-----------|-----------------------|
| Total fund balance of governmental funds (page 21) | \$ | 504,064 |
| 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. | | 24,889 |
| Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | | (2,187) |
| 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. | | <u>29,690</u> |
| Net assets of governmental activities (page 19) | \$ | <u>556,456</u> |

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

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

| | <u>General Fund</u> | <u>Education Fund</u> | <u>Alternative Schools Fund</u> | <u>Other Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------|---|-------------------------------------|---|
| REVENUES: | | | | | |
| Local sources | \$ 244,446 | \$ 212 | \$ 150 | \$ 22,234 | \$ 267,042 |
| State sources | 517,772 | 569,265 | 777 | 632 | 1,088,446 |
| Federal sources | - | 181,663 | 69,558 | - | 251,221 |
| On-behalf payments | 355,205 | - | - | - | 355,205 |
| Total revenues | <u>1,117,423</u> | <u>751,140</u> | <u>70,485</u> | <u>22,866</u> | <u>1,961,914</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Education: | | | | | |
| Salaries | 549,689 | 441,890 | 38,690 | 6,653 | 1,036,922 |
| Benefils | 137,050 | 55,104 | 8,207 | 2,365 | 202,726 |
| Purchased services | 120,610 | 36,516 | - | 2,469 | 159,595 |
| Supplies and materials | 32,833 | 56,841 | - | 3,899 | 93,573 |
| Miscellaneous | 14,982 | - | - | 105 | 15,087 |
| Payments to other governments | - | 12,500 | - | 2,053 | 14,553 |
| On-behalf payments | 355,205 | - | - | - | 355,205 |
| Capital outlay | 729 | - | - | - | 729 |
| Total expenditures | <u>1,211,098</u> | <u>602,851</u> | <u>46,897</u> | <u>17,544</u> | <u>1,878,390</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (93,675) | 148,289 | 23,588 | 5,322 | 83,524 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 75,161 | 11,781 | - | - | 86,942 |
| Transfers out | (53,353) | (10,001) | (23,588) | - | (86,942) |
| Total other financing sources (uses) | <u>21,808</u> | <u>1,780</u> | <u>(23,588)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | (71,867) | 150,069 | - | 5,322 | 83,524 |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR AS RESTATED | <u>576,693</u> | <u>(179,759)</u> | <u>-</u> | <u>23,606</u> | <u>420,540</u> |
| FUND BALANCE (DEFICIT), END OF YEAR | <u>\$ 504,826</u> | <u>\$ (29,690)</u> | <u>\$ -</u> | <u>\$ 28,928</u> | <u>\$ 504,064</u> |

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011**

Net change in fund balance (page 23) \$ 83,524

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

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

| | | | |
|---|----|-----------------|----------|
| Capital outlay | \$ | 729 | |
| Depreciation expense and disposition losses | | <u>(11,548)</u> | (10,819) |

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.

| | | | |
|---|--|---------------|-----------|
| Fiscal year 2010 deferred revenue recognized in fiscal year 2011 | | (179,758) | |
| Fiscal year 2011 deferred revenue | | <u>29,690</u> | (150,068) |

Some expenses in the Statement of Activities do
not require the use of current financial resources
and therefore, are not reported as expenditures
in the governmental funds.

| | | | |
|----------------------------------|--|----------------|--|
| Increase in compensated absences | | <u>(2,187)</u> | |
|----------------------------------|--|----------------|--|

Change in net assets of governmental activities (page 20) \$ (79,550)

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011**

| | Agency Fund |
|----------------------------|------------------------|
| ASSETS | |
| Cash | \$ 63,988 |
| Due from other governments | 133,429 |
| TOTAL ASSETS | \$ 197,417 |
| LIABILITIES | |
| Due to other governments | \$ 197,417 |

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 is an entity that is a result of two Educational Service Regions becoming a Regional Office of Education as of August 7, 1995. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education No. 46 encompasses the Brown, Cass, Morgan, and Scott Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the Regional Office of Education No. 46 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

The functions of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 include, but are not limited to the following:

- processing teachers' certificates;
- teaching initial and refresher classes for school bus drivers within the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46;
- reviewing life/safety requirements for schools in conjunction with the State of Illinois;
- issuing newsletters regarding new Illinois life/safety requirements; and
- monitoring compliance with State laws and Department of Education policies and procedures.

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

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 has no distributive fund since the State of Illinois maintains responsibility for the function of distributing State and federal aid to individual school districts.

The financial statements of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial reporting purposes, the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 has included all funds, organizations, agencies, boards, commissions and authorities. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 are such that exclusion would cause the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46. The Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 has no component units that meet the Governmental Accounting Standards Board criteria and is not a component unit of any other entity.

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the activities of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

The Statement of Net Assets presents Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories: Invested in capital assets, net of related debt, Restricted net assets, and Unrestricted net assets.

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

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

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

General Fund - The General Fund is the operating fund of the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The following funds comprise the General Fund:

County Support - to account for local revenues and disbursements related to County support.

Gifted District Fund - to account for local revenues and disbursements related to the Gifted education program.

Spelling Bee Fund - to account for local area business donations that provide funding related to operating spelling bee events.

Media Center - to account for library and video materials available to all the districts in the Region.

Identix Fingerprinting Fund - to account for a fee assessed to Districts and the expenses associated with providing background check/fingerprinting services.

Star Online - agreement between Western Illinois University and Regional Office of Education No. 46 to help area teachers sign up and receive online professional development at a reduced rate.

ROE School Improvement Fund - to account for costs associated with improving school programs and policies for the districts within the Region.

Dental Sealant Fund - to account for the costs associated with providing the dental sealant program to Morgan and Scott County schools.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lice Busters Fund - to account for a grant that provides lice treatment for students within the Region.

Registration Fees Fund - to account for local revenues and disbursements related to the alternative school programs.

Paid Lunches Fund - to account for local revenues and disbursements related to school lunches.

Truants Alternative/Optional Education - State Aid Fund - to account for General State Aid revenues and disbursements associated with the Truants Alternative/Optional Education Program (TAOEP).

Alternative Resource Center (ARC) - State Aid Fund - to account for General State Aid revenues and disbursements associated with the ARC Safe Schools Program.

Job Bank Fund - to account for a fee assessed to districts and the expenses associated with posting job openings on the State website.

Jacksonville Children's Foundation - to account for local funds received and used to provide success boxes with various supplies to children in Morgan and Scott County schools.

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

Education Fund - to account and report for the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

Truants Alternative/Optional Education Fund - to account for a grant that provides truancy guidance and alternative education options for applicable students within the Region.

Regional Safe Schools Fund - to account for a grant that provides additional staff and materials for the alternative schools in the Region.

Title I - School Improvement and Accountability - RESPRO - to account for a grant that provides training for various school improvement approaches within the Region.

McKinney Education for Homeless Children Fund - to account for a grant that provides assistance for homeless children within school districts.

Title II - Teacher Quality - RESPRO - to account for a grant to provide Title II coaches to assist Title II Schools with professional development.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Feasibility Study - to account for State funding received for a feasibility study for possible district consolidation between Meredosia-Chambersburg, Virginia, and Triopia Schools.

ROE/ISC Operations - to account for a grant that provides operating funds for the Region.

Illinois School for the Deaf - contracted arrangement with Illinois School for the Deaf (ISD) and Illinois Department of Human Services to provide payroll services for contracted ISD substitute teachers.

Illinois School for the Visually Impaired - contracted arrangement with Illinois School for the Visually Impaired (ISVI) and Illinois Department of Human Services to provide payroll services for contracted ISVI substitute teachers.

American Recovery and Reinvestment Act (ARRA) Title I - School Improvement - to account for funds to be used for the provision of technical assistance in school improvement planning for districts and schools, primarily schools year 2 and year 1 state academic status. Other schools and districts may be served as well.

Alternative Schools Fund - to account for the activities and programs of the alternative schools within the Region. The following funds comprise the Alternative Schools Fund:

State Lunch Fund - to account for state revenues and disbursements related to school lunches.

National School Lunch Fund - to account for federal revenues and disbursements related to school lunches.

School Breakfast Fund - to account for federal funds to help offer breakfast programs to the two alternative schools.

Truants Alternative/Optional Education Program - ARRA Education Jobs Fund - to account for federal funds used to supplement General State Aid for purposes of paying salaries and benefits to retain existing employees, recall or rehire former employees, or hire new employees for the purposes of providing educational related services.

Alternative Resource Center (ARC) - ARRA Education Jobs Fund - to account for federal funds used to supplement General State Aid for purposes of paying salaries and benefits to retain existing employees, recall or rehire former employees, or hire new employees for the purposes of providing educational related services.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Special Revenue Funds - the following special revenue funds are non-major governmental funds:

Institute Fund - to account for activities associated with the recertification process for teachers, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver Fund - to account for the testing and training of bus drivers for the districts within the Region.

General Education Development Fund - to account for administration of General Education Development testing for applicants within the Region.

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

School Facility Occupation Tax - 1 percent sales tax collected in Cass County for school facility maintenance and improvements to be distributed to the following districts: A-C Central, Beardstown, Meredosia-Chambersburg, PORTA, Triopia, and Virginia.

Measurement Focus and Basis of Accounting

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

Governmental fund and fiduciary financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Capital asset acquisitions are reported as expenditures in governmental funds.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. 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. All other revenue items are considered to be measurable and available only when cash is received by the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46.

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Under the terms of grant agreements, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education No. 46's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

Assets, Liabilities and Fund Equity

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

Cash and cash equivalents - Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 considers all investments in certificates of deposit with maturities within one year to be cash equivalents.

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

Capital assets - Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Deferred revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unexpended grant proceeds.

Compensated absences - Regular full-time employees who work 12 calendar months earn up to 20 vacation days for a full year of service. Employees who work less than 12 calendar months per year do not earn vacation days. Employees receive up to 10 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

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. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - the portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The following fund balances are restricted by Illinois Statute: Institute Fund, Bus Driver Fund, and General Education Development Fund.

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. There are no accounts presenting a committed fund balance.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned Fund Balance - the portion of a Governmental Fund's net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Media Center has an assigned fund balance.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following fund balances are considered unassigned: County Support, Gifted District Fund, Spelling Bee Fund, Indentix Fingerprinting Fund, Star Online, ROE School Improvement Fund, Dental Sealant Fund, Registration Fees Fund, Truants Alternative/Optional Education - State Aid Fund, Jacksonville Children's Foundation, Truants Alternative/Optional Education Fund, ROE/ISC Operations, and Illinois School for the Visually Impaired.

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets of the Regional Office of Education are classified as follows:

Invested in Capital Assets - represents the Regional Office of Education's total investment in capital assets. There is a lease payable which represents the debt related to these assets for fiscal year 2011.

Restricted Net Assets - represents net assets that are restricted due to constraints placed on the net asset use that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - represents resources used for transactions relating to the general operations of the Regional Office of Education and may be used at the discretion of management to meet expenses for any purpose.

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.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as supplementary information.

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 did not formally adopt a budget for the year ended June 30, 2011 and is not legally required to do so. The Illinois State Board of Education and Department of Human Services require budgets for certain programs. These budgets were used to prepare budgetary comparison schedules for the following programs: Truants Alternative/Optional Education Fund, Regional Safe Schools Fund, McKinney Education for Homeless Children Fund, ROE/ISC Operations Fund, and ARRA Title I School Improvement.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through June 18, 2012, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposit and investment of monies is governed by the provisions of the Illinois Compiled Statutes (30 ILCS-235/2 and 6 and 105 ILCS-5/8-7). At June 30, 2011, the carrying amount of deposits was \$482,506 and the bank balance was \$554,395. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2011.

Deposits

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46's deposits may not be returned. Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 does not have a deposit policy for custodial credit risk. The bank balances as of June 30, 2011 were fully secured by federal depository insurance or securities pledged by the Regional Office of Education No. 46's financial institution on behalf of the Regional Office.

Investments

Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 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, 2011, Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 had investments with carrying and fair values of \$13,834 invested in the Illinois Funds Money Market Fund.

Credit risk - At June 30, 2011 the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

| | <u>Carrying Amount</u> |
|--|----------------------------|
| Cash and cash equivalents - governmental funds | \$ 418,518 |
| Cash - agency | <u>63,988</u> |
| Total | <u>\$ 482,506</u> |

NOTE 3 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and his assistant are paid by the State of Illinois. All other salaries are paid by Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46. Pension plan contributions associated with these salaries are also paid respectively, by the State of Illinois and Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46.

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

| | |
|---|--------------------------|
| Regional Superintendent - salary | \$ 89,202 |
| Regional Superintendent - benefits (includes state paid insurance) | 13,616 |
| Assistant Regional Superintendent - salary | 68,710 |
| Assistant Regional Superintendent - benefits (includes state paid insurance) | 8,571 |
| TRS on-behalf payments | 170,019 |
| THIS on-behalf payments | <u>5,087</u> |
| Total on-behalf payments | <u>\$ 355,205</u> |

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

NOTE 4 - EMPLOYEE BENEFIT PLANS

Teachers' Retirement System of the State of Illinois

The Regional Office of Education 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.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - EMPLOYEE BENEFIT PLANS (CONTINUED)

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 percent 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 percent 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 No. 46's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 46. For the year ended June 30, 2011, the State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 46 recognized revenue and expenditures of \$170,019 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 percent (\$172,784) and 17.08 percent (\$127,376), respectively.

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 makes other types of employer contributions directly to TRS:

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$3,353. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$3,224 and \$3,263, 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 No. 46, there is a statutory requirement for the Regional Office of Education No. 46 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer pension contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$42,020 were paid from federal and special trust funds that required employer contributions of \$9,707. For the years ended June 30, 2010 and June 30, 2009, required contributions were \$5,377 and \$0, respectively.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - EMPLOYEE BENEFIT PLANS (CONTINUED)

- **Early Retirement Option.** The Regional Office of Education No. 46 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 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2011, June 30, 2010 and June 30, 2009, the Regional Office Education No. 46 paid no ERO contributions.
- **Salary increases over 6 percent and excess sick leave.**
 - 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 years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education No. 46 did not make any contributions to TRS for salary increases in excess of 6 percent.
 - If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511). For the years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education No. 46 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

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

Illinois Municipal Retirement Fund

Plan Description. The Regional Office of Education No. 46'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 employer 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.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 4 - EMPLOYEE BENEFIT PLANS (CONTINUED)

Funding Policy. As set by statute, the Regional Office of Education No. 46's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 used by the employer was 8.57 percent of annual covered payroll. The Regional Office of Education No. 46 annual required contribution rate for calendar year 2010 was 13.26 percent. The Regional Office of Education No. 46 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For fiscal year ending December 31, 2010, the Regional Office of Education No. 46's actual contributions for pension cost for the Regular were \$31,596. Its required contribution for calendar year 2010 was \$48,887.

| <u>Calendar Year Ending</u> | THREE-YEAR TREND INFORMATION | | |
|-------------------------------------|--------------------------------------|--|-----------------------------------|
| | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
| 12/31/10 | \$ 48,887 | 65% | \$ 17,291 |
| 12/31/09 | 29,200 | 100% | - |
| 12/31/08 | 30,224 | 100% | - |

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 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education No. 46's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education No. 46'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 69.22 percent funded. The actuarial accrued liability for benefits was \$864,131 and the actuarial value of assets was \$598,189, resulting in an underfunded actuarial accrued liability (UAAL) of \$265,942. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$368,679 and the ratio of the UAAL to the covered payroll was 72 percent.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - EMPLOYEE BENEFIT PLANS (CONTINUED)

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

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS

Illinois Municipal Retirement Fund

The Regional Office has evaluated its potential other post employment benefits liability. Former employees who choose to retain their rights to health insurance through the Regional Office are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Regional Office's health insurance plan. Therefore, there has been zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Regional Office had no former employees for which it was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Regional Office has not recorded any post employment benefit liability as of June 30, 2011.

Teachers Health Insurance Security Fund

The Regional Office of Education No. 46 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

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

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

- **On-behalf Contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 46. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$5,087, and the Regional Office of Education No. 46 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 was 0.84 percent of pay. State contributions on behalf of Regional Office of Education No. 46's employees were \$4,669. Had the Regional Office of Education No. 46 recognized revenue and expenditures for State contributions intended to match contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay or \$6,264.
- **Employer Contributions to THIS Fund.** The Regional Office of Education No. 46 also makes contributions to THIS Fund. The employer THIS fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent for the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education No. 46 paid \$3,815 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education No. 46 paid \$3,502 and \$3,544 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011 is as follows:

| | <u>Balance June 30, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2011</u> |
|-------------------------------|--------------------------------------|--------------------|------------------|--------------------------------------|
| Governmental activities: | | | | |
| Furniture and equipment | \$ 106,066 | \$ 729 | \$ (1,626) | \$ 105,169 |
| Less accumulated depreciation | (70,358) | (11,328) | 1,406 | (80,280) |
| Total capital assets, net | <u>\$ 35,708</u> | <u>\$ (10,599)</u> | <u>\$ (220)</u> | <u>\$ 24,889</u> |

Depreciation expense was charged as follows:

Governmental activities:

 Education:

 Depreciation

\$ 11,328

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 7 - OPERATING LEASES

The Brown, Cass, Morgan, and Scott Counties Regional Office of Education No. 46 has not entered into any capital lease agreements as lessee for financing. The Regional Office of Education No. 46 entered a lease agreement for the Regional Office of Education No. 46's Beardstown Office requiring monthly payments of \$500. This agreement is renewable annually. The Regional Office of Education No. 46 entered a lease agreement for the Regional Office of Education No. 46's Jacksonville Office requiring an annual payment of \$6,000. This agreement is renewable annually. The Regional Office of Education No. 46 entered a lease agreement for the Lafayette Center/Alternative Resource Center (ARC) in Jacksonville requiring quarterly payments of \$5,000. The agreement commenced on February 1, 2011 and ends on June 30, 2013. Rent expense for fiscal year 2011 was \$32,000.

NOTE 8 - DEFICIT FUND BALANCES

At June 30, 2011, the following funds had deficit fund balances. They are expected to correct themselves in 2012, through payments from the State and transfers from local funds.

| | |
|---|------------|
| Education Fund | |
| Truants Alternative/Optional Education Fund | \$ (9,202) |
| ROE/ISC Operations | (6,337) |
| Illinois School for the Visually Impaired | (14,151) |

NOTE 9 - DUE FROM/TO OTHER GOVERNMENTS

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's General, Special Revenue, and Agency Funds have funds due to and due from various other governmental units which consist of the following:

| | |
|-----------------------------------|-------------------|
| Due from other governments | |
| General fund | |
| Local governments | \$ 10,706 |
| Education fund | |
| Illinois State Board of Education | 140,634 |
| Local governments | 48,451 |
| Agency fund | |
| Local governments | <u>133,429</u> |
| Total due from other governments | <u>\$ 333,220</u> |

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 10 - DUE FROM/TO OTHER GOVERNMENTS (CONTINUED)

| | |
|--------------------------------|-------------------|
| Due to other governments | |
| Education fund | |
| Local governments | \$ 3,826 |
| Agency fund | |
| Local governments | <u>197,417</u> |
| Total due to other governments | <u>\$ 201,243</u> |

NOTE 11 - DUE FROM/TO OTHER FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, at June 30, 2011 were:

| <u>Fund</u> | <u>Due From</u> | <u>Due To</u> |
|--|-------------------|-------------------|
| General Fund | | |
| County Support | \$ 46,685 | \$ - |
| Media Center | - | 625 |
| Truant Alternative/Optional Education - State Aid Fund | 124,032 | - |
| Job Bank Fund | - | 150 |
| Education Fund | | |
| Truants Alternative/Optional Education Program | - | 53,229 |
| Regional Safe Schools Fund | - | 22,352 |
| ROE/ISC Operations | - | 38,017 |
| Illinois School for the Deaf | - | 32,740 |
| Illinois School for the Visually Impaired | - | 15,711 |
| ARRA Title I - School Improvement | - | 7,893 |
| Total | <u>\$ 170,717</u> | <u>\$ 170,717</u> |

NOTE 12 - COMPENSATED ABSENCES

Under terms of employment, employees are granted vacation days in varying amounts up to 20 days. Vacation days earned during a benefit year are allowed to be used during the benefit year plus a 60 day carryover period. Upon termination of an employee eligible to use vacation days, all accumulated days will be paid as of the date of termination. Only benefits considered to be vested are disclosed in these statements.

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|----------------------|---------------------------------------|------------------|-------------------|--|
| Compensated absences | <u>\$ 3,243</u> | <u>\$ 13,897</u> | <u>\$ 14,953</u> | <u>\$ 2,187</u> |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 13 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2011:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| General Fund | | |
| County Support | \$ 11,115 | \$ - |
| Lice Busters Fund | - | 1,114 |
| Paid Lunches Fund | - | 4,405 |
| Truants Alternative/Optional Education - State Aid Fund | 27,994 | 47,834 |
| Alternative Resource Center (ARC) - State Aid Fund | 36,052 | - |
| Education Fund | | |
| Regional Safe Schools Fund | 11,781 | - |
| Illinois School for the Deaf | - | 6,018 |
| Illinois School for the Visually Impaired | - | 3,983 |
| Alternative Education Fund | | |
| State Lunch Fund | - | 867 |
| National School Lunch Fund | - | 18,749 |
| School Breakfast Fund | - | 3,972 |
| Total | <u>\$ 86,942</u> | <u>\$ 86,942</u> |

NOTE 14 - FUND RECLASSIFICATIONS

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has reclassified funds within the governmental fund statements to more appropriately reflect the purpose of those funds. The impact of the fund reclassifications is an increase in the General Fund fund balance of \$607,557, a decrease in the Education Fund fund balance of \$112,688, and a decrease in the Alternative Schools Fund fund balance of \$494,869. These reclassifications have no effect on the net change in fund balances.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 15 - RESTATEMENT OF BEGINNING FUND BALANCE AND NET ASSETS

The Regional Office of Education No. 46 restated the following fund balance previously reported:

| | Institute Fund |
|--|------------------------------------|
| Fund balance, June 30, 2010 as previously reported | \$ 15,973 |
| Liabilities recorded in excess | 4,759 |
| Fund balance, July 1, 2010, as restated | <u>\$ 20,732</u> |
| | |
| | Governmental Activities |
| Net assets, June 30, 2010, as previously reported | \$ 631,247 |
| Liabilities recorded in excess | 4,759 |
| Net assets, July 1, 2010, as restated | <u>\$ 636,006</u> |

The restatement was to remove accounts payable and expenditures recorded in excess.

NOTE 16 - RISK MANAGEMENT

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 17 - NEW PRONOUNCEMENTS

In 2011, The Regional Office of Education No. 46 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 AICAP Pronouncements*. The Regional Office of Education No. 46 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.

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

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 SCHEDULE OF FUNDING PROGRESS -
 ILLINOIS MUNICIPAL RETIREMENT FUND
 (Unaudited)
 June 30, 2011**

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 12/31/10 | \$ 598,189 | \$ 864,131 | \$ 265,942 | 69.22% | \$ 368,679 | 72.13% |
| 12/31/09 | 718,914 | 862,265 | 143,351 | 83.38% | 374,843 | 38.24% |
| 12/31/08 | 681,641 | 819,139 | 137,498 | 83.21% | 364,584 | 37.71% |

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$644,851.
 On a market basis, the funded ratio would be 74.62%.

SUPPLEMENTAL INFORMATION

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2011

SCHEDULE 1

| | <u>County Support</u> | <u>Gifted District Fund</u> | <u>Spelling Bee Fund</u> | <u>Media Center</u> | <u>Identix Fingerprinting Fund</u> |
|---|-----------------------|-----------------------------|--------------------------|---------------------|------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 33,744 | \$ 2 | \$ 641 | \$ 3,050 | \$ 289 |
| Accounts receivable | - | - | - | - | - |
| Due from other governments | 10,706 | - | - | - | - |
| Due from other funds | 46,685 | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 91,135 | \$ 2 | \$ 641 | \$ 3,050 | \$ 289 |
| LIABILITIES AND FUND BALANCE | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 2,980 | \$ - | \$ - | \$ 374 | \$ 95 |
| Accrued liabilities | 1,095 | - | - | - | - |
| Due to other funds | - | - | - | 625 | - |
| Total liabilities | 4,075 | - | - | 999 | 95 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| FUND BALANCE | | | | | |
| Assigned | - | - | - | 2,051 | - |
| Unassigned | 87,060 | 2 | 641 | - | 194 |
| Total fund balance | 87,060 | 2 | 641 | 2,051 | 194 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 91,135 | \$ 2 | \$ 641 | \$ 3,050 | \$ 289 |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2011

SCHEDULE 1
 (CONTINUED)

| | <u>Star Online</u> | <u>ROE School Improvement Fund</u> | <u>Dental Sealant Fund</u> | <u>Lice Busters Fund</u> | <u>Registration Fees Fund</u> |
|---|------------------------|--|------------------------------------|----------------------------------|---------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 10 | \$ 5,908 | \$ 10,264 | \$ - | \$ 2,954 |
| Accounts receivable | - | - | 749 | - | - |
| Due from other governments | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 10 | \$ 5,908 | \$ 11,013 | \$ - | \$ 2,954 |
| LIABILITIES AND FUND BALANCE | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | - | - | - | - |
| FUND BALANCE | | | | | |
| Assigned | - | - | - | - | - |
| Unassigned | 10 | 5,908 | 11,013 | - | 2,954 |
| Total fund balance | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 10 | 5,908 | 11,013 | - | 2,954 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 10 | \$ 5,908 | \$ 11,013 | \$ - | \$ 2,954 |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2011

SCHEDULE 1
 (CONTINUED)

| | <u>Paid</u> | <u>Truants Alternative/ Optional Education - State Aid Fund</u> | <u>Alternative Resource Center (ARC) - State Aid Fund</u> | <u>Job Bank Fund</u> | <u>Jacksonville Children's Foundation</u> | <u>Total</u> |
|---|-------------|---|---|------------------------------|---|-------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ 308,744 | \$ 13,962 | \$ - | \$ 972 | \$ 380,540 |
| Accounts receivable | - | 483 | - | 150 | - | 1,382 |
| Due from other governments | - | - | - | - | - | 10,706 |
| Due from other funds | - | 124,032 | - | - | - | 170,717 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | \$ - | \$ 433,259 | \$ 13,962 | \$ 150 | \$ 972 | \$ 563,345 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ 1,972 | \$ 1,416 | \$ - | \$ - | \$ 6,837 |
| Accrued liabilities | - | 37,266 | 12,546 | - | - | 50,907 |
| Due to other funds | - | - | - | 150 | - | 775 |
| Total liabilities | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 39,238 | 13,962 | 150 | - | 58,519 |
| FUND BALANCE | | | | | | |
| Assigned | - | - | - | - | - | 2,051 |
| Unassigned | - | 394,021 | - | - | 972 | 502,775 |
| Total fund balance | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 394,021 | - | - | 972 | 504,826 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ - | \$ 433,259 | \$ 13,962 | \$ 150 | \$ 972 | \$ 563,345 |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2011

SCHEDULE 2

| | <u>County</u> <u>Support</u> | <u>Gifted</u> <u>District</u> <u>Fund</u> | <u>Spelling Bee</u> <u>Fund</u> | <u>Media</u> <u>Center</u> | <u>Identix</u> <u>Fingerprinting</u> <u>Fund</u> |
|--|---------------------------------|---|------------------------------------|-------------------------------|--|
| REVENUES: | | | | | |
| Local sources | \$ 204,587 | \$ 3,154 | \$ 1,856 | \$ 15,370 | \$ 1,894 |
| State sources | - | - | - | - | - |
| On-behalf payments | 355,205 | - | - | - | - |
| Total revenues | <u>559,792</u> | <u>3,154</u> | <u>1,856</u> | <u>15,370</u> | <u>1,894</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Education: | | | | | |
| Salaries | 112,253 | - | - | - | - |
| Benefits | 29,758 | - | - | - | - |
| Purchased services | 28,378 | 1,857 | 793 | 11,471 | 4,965 |
| Supplies and materials | 4,422 | 1,295 | 758 | 3,414 | - |
| Miscellaneous | 12,665 | - | - | - | - |
| On-behalf payments | 355,205 | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>542,681</u> | <u>3,152</u> | <u>1,551</u> | <u>14,885</u> | <u>4,965</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 17,111 | 2 | 305 | 485 | (3,071) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 11,115 | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>11,115</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 28,226 | 2 | 305 | 485 | (3,071) |
| FUND BALANCE, BEGINNING OF YEAR AS RESTATED | <u>58,834</u> | <u>-</u> | <u>336</u> | <u>1,566</u> | <u>3,265</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 87,060</u> | <u>\$ 2</u> | <u>\$ 641</u> | <u>\$ 2,051</u> | <u>\$ 194</u> |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2011

SCHEDULE 2
(CONTINUED)

| | <u>Star</u> | <u>ROE School</u> | <u>Dental</u> | <u>Lice</u> | <u>Registration</u> |
|--|---------------|--------------------|----------------|----------------|---------------------|
| | <u>Online</u> | <u>Improvement</u> | <u>Sealant</u> | <u>Busters</u> | <u>Fees</u> |
| | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> |
| REVENUES: | | | | | |
| Local sources | \$ 10 | \$ 35 | \$ 566 | \$ 6 | \$ 4,752 |
| State sources | - | - | 2,704 | - | - |
| On-behalf payments | - | - | - | - | - |
| Total revenues | 10 | 35 | 3,270 | 6 | 4,752 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Education: | | | | | |
| Salaries | - | - | - | - | - |
| Benefits | - | - | - | - | - |
| Purchased services | - | 1,016 | 1,079 | - | - |
| Supplies and materials | - | 122 | 607 | - | 1,798 |
| Miscellaneous | - | 199 | 76 | - | - |
| On-behalf payments | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | - | 1,337 | 1,762 | - | 1,798 |
| EXCESS (DEFICIENCY) OF REVENUES | | | | | |
| OVER (UNDER) EXPENDITURES | 10 | (1,302) | 1,508 | 6 | 2,954 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | (1,114) | - |
| Total other financing sources (uses) | - | - | - | (1,114) | - |
| NET CHANGE IN FUND BALANCE | 10 | (1,302) | 1,508 | (1,108) | 2,954 |
| FUND BALANCE, BEGINNING | | | | | |
| OF YEAR AS RESTATED | - | 7,210 | 9,505 | 1,108 | - |
| FUND BALANCE, | | | | | |
| END OF YEAR | \$ 10 | \$ 5,908 | \$ 11,013 | \$ - | \$ 2,954 |

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2011**

**SCHEDULE 2
(CONTINUED)**

| | <u>Paid</u> | <u>Truants</u> | <u>Alternative/ Optional Education - State Aid</u> | <u>Alternative Resource Center (ARC) - State Aid</u> | <u>Job Bank Fund</u> | <u>Jacksonville Children's Foundation</u> | <u>Total</u> |
|--|-------------|----------------|--|--|------------------------------|---|--------------|
| REVENUES: | | | | | | | |
| Local sources | \$ 4,405 | \$ 3,636 | \$ 20 | \$ 1,350 | \$ 2,805 | \$ 244,446 | |
| State sources | - | 368,771 | 146,297 | - | - | 517,772 | |
| On-behalf payments | - | - | - | - | - | 355,205 | |
| Total revenues | 4,405 | 372,407 | 146,317 | 1,350 | 2,805 | 1,117,423 | |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| Education: | | | | | | | |
| Salaries | - | 304,796 | 132,640 | - | - | 549,689 | |
| Benefits | - | 74,538 | 32,754 | - | - | 137,050 | |
| Purchased services | - | 47,864 | 21,837 | 1,350 | - | 120,610 | |
| Supplies and materials | - | 8,277 | 10,307 | - | 1,833 | 32,833 | |
| Miscellaneous | - | 1,048 | 994 | - | - | 14,982 | |
| On-behalf payments | - | - | - | - | - | 355,205 | |
| Capital outlay | - | 729 | - | - | - | 729 | |
| Total expenditures | - | 437,252 | 198,532 | 1,350 | 1,833 | 1,211,098 | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 4,405 | (64,845) | (52,215) | - | 972 | (93,675) | |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | - | 27,994 | 36,052 | - | - | 75,161 | |
| Transfers out | (4,405) | (47,834) | - | - | - | (53,353) | |
| Total other financing sources (uses) | (4,405) | (19,840) | 36,052 | - | - | 21,808 | |
| NET CHANGE IN FUND BALANCE | - | (84,685) | (16,163) | - | 972 | (71,867) | |
| FUND BALANCE, BEGINNING OF YEAR AS RESTATED | - | 478,706 | 16,163 | - | - | 576,693 | |
| FUND BALANCE, END OF YEAR | \$ - | \$ 394,021 | \$ - | \$ - | \$ 972 | \$ 504,826 | |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2011

| | Truants Alternative/ Optional Education <u>Fund</u> | Regional Safe Schools <u>Fund</u> | Title I - School Improvement and Accountability - <u>RESPRO</u> | McKinney Education for Homeless Children <u>Fund</u> | Title II - Teacher Quality - <u>RESPRO</u> |
|---|---|---|--|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 4,432 | \$ - | \$ 3,826 |
| Due from other governments | 61,182 | 32,195 | - | - | - |
| TOTAL ASSETS | \$ 61,182 | \$ 32,195 | \$ 4,432 | \$ - | \$ 3,826 |
| LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | 7,953 | 9,843 | - | - | - |
| Due to other governments | - | - | - | - | 3,826 |
| Due to other funds | 53,229 | 22,352 | - | - | - |
| Deferred revenue | 9,202 | - | 4,432 | - | - |
| Total liabilities | 70,384 | 32,195 | 4,432 | - | 3,826 |
| FUND BALANCE (DEFICIT) | | | | | |
| Unassigned | (9,202) | - | - | - | - |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 61,182 | \$ 32,195 | \$ 4,432 | \$ - | \$ 3,826 |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2011

| | <u>Feasibility Study</u> | <u>ROE/ISC Operations</u> | <u>Illinois School for the Deaf</u> | <u>Illinois School for the Visually Impaired</u> | <u>ARRA Title I - School Improvement</u> | <u>Totals</u> |
|---|------------------------------|-------------------------------|---|--|--|-------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,258 |
| Due from other governments | - | 38,017 | 32,740 | 15,711 | 9,240 | 189,085 |
| TOTAL ASSETS | \$ - | \$ 38,017 | \$ 32,740 | \$ 15,711 | \$ 9,240 | \$ 197,343 |
| LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 1,347 | \$ 1,347 |
| Accrued liabilities | - | - | - | - | - | 17,796 |
| Due to other governments | - | - | - | - | - | 3,826 |
| Due to other funds | - | 38,017 | 32,740 | 15,711 | 7,893 | 169,942 |
| Deferred revenue | - | 6,337 | - | 14,151 | - | 34,122 |
| Total liabilities | - | 44,354 | 32,740 | 29,862 | 9,240 | 227,033 |
| FUND BALANCE (DEFICIT) | | | | | | |
| Unassigned | - | (6,337) | - | (14,151) | - | (29,690) |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ - | \$ 38,017 | \$ 32,740 | \$ 15,711 | \$ 9,240 | \$ 197,343 |

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2011**

SCHEDULE 4

| | <u>Truants Alternative/ Optional Education Fund</u> | <u>Regional Safe Schools Fund</u> | <u>Title I - School Improvement and Accountability - RESPRO</u> | <u>McKinney Education for Homeless Children Fund</u> | <u>Title II - Teacher Quality - RESPRO</u> |
|--|---|---|---|--|--|
| REVENUES: | | | | | |
| Local sources | \$ - | \$ - | \$ 17 | \$ 3 | \$ - |
| State sources | 124,036 | 102,541 | 1,284 | - | - |
| Federal sources | - | - | 44,318 | 17,345 | - |
| Total revenues | <u>124,036</u> | <u>102,541</u> | <u>45,619</u> | <u>17,348</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Education: | | | | | |
| Salaries | 63,804 | 61,699 | 33,020 | 9,745 | - |
| Benefits | 9,171 | 13,368 | 5,091 | 4,018 | - |
| Purchased services | 12,068 | 1,107 | 6,145 | 3,009 | - |
| Supplies and materials | 7,449 | - | 1,363 | 576 | - |
| Payment to other governments | - | - | - | - | - |
| Total expenditures | <u>92,492</u> | <u>76,174</u> | <u>45,619</u> | <u>17,348</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>31,544</u> | <u>26,367</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 11,781 | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>11,781</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | 31,544 | 38,148 | - | - | - |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR AS RESTATED | <u>(40,746)</u> | <u>(38,148)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), END OF YEAR | <u>\$ (9,202)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2011**

**SCHEDULE 4
(CONTINUED)**

| | <u>Feasibility Study</u> | <u>ROE/ISC Operations</u> | <u>Illinois School for the Deaf</u> | <u>Illinois School for the Visually Impaired</u> | <u>ARRA Title I School Improvement</u> | <u>Totals</u> |
|--|------------------------------|-------------------------------|---|--|--|---------------|
| REVENUES: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ 192 | \$ 212 |
| State sources | 6,000 | 64,352 | 164,063 | 106,989 | - | 569,265 |
| Federal sources | - | - | - | - | 120,000 | 181,663 |
| Total revenues | 6,000 | 64,352 | 164,063 | 106,989 | 120,192 | 751,140 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Education: | | | | | | |
| Salaries | - | 38,139 | 115,191 | 76,342 | 43,950 | 441,890 |
| Benefits | - | 11,844 | 2,989 | 1,419 | 7,204 | 55,104 |
| Purchased services | - | 706 | 2,491 | 1,905 | 9,085 | 36,516 |
| Supplies and materials | - | - | - | - | 47,453 | 56,841 |
| Payment to other governments | - | - | - | - | 12,500 | 12,500 |
| Total expenditures | - | 50,689 | 120,671 | 79,666 | 120,192 | 602,851 |
| EXCESS OF REVENUES OVER EXPENDITURES | 6,000 | 13,663 | 43,392 | 27,323 | - | 148,289 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | - | - | - | - | 11,781 |
| Transfers out | - | - | (6,018) | (3,983) | - | (10,001) |
| Total other financing sources (uses) | - | - | (6,018) | (3,983) | - | 1,780 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | 6,000 | 13,663 | 37,374 | 23,340 | - | 150,069 |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR AS RESTATED | (6,000) | (20,000) | (37,374) | (37,491) | - | (179,759) |
| FUND BALANCE (DEFICIT), END OF YEAR | \$ - | \$ (6,337) | \$ - | \$ (14,151) | \$ - | \$ (29,690) |

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2011**

| | Truants Alternative/Optional Educaiton Fund | | | | Regional Safe Schools Fund | | | |
|--|---|---------------|-------------------|-------------------------------|----------------------------|---------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | | Original | Final | | |
| REVENUES: | | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 92,492 | 92,492 | 124,036 | 31,544 | 64,393 | 64,393 | 102,541 | 38,148 |
| Federal sources | - | - | - | - | - | - | - | - |
| Total revenues | <u>92,492</u> | <u>92,492</u> | <u>124,036</u> | <u>31,544</u> | <u>64,393</u> | <u>64,393</u> | <u>102,541</u> | <u>38,148</u> |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| Education: | | | | | | | | |
| Salaries | 62,733 | 62,733 | 63,804 | (1,071) | 53,091 | 53,091 | 61,699 | (8,608) |
| Benefits | 11,498 | 11,498 | 9,171 | 2,327 | 10,490 | 10,490 | 13,368 | (2,878) |
| Purchased services | 10,812 | 10,812 | 12,068 | (1,256) | 812 | 812 | 1,107 | (295) |
| Supplies and materials | 7,449 | 7,449 | 7,449 | - | - | - | - | - |
| Payments to other governments | - | - | - | - | - | - | - | - |
| Total expenditures | <u>92,492</u> | <u>92,492</u> | <u>92,492</u> | <u>-</u> | <u>64,393</u> | <u>64,393</u> | <u>76,174</u> | <u>(11,781)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ -</u> | <u>\$ -</u> | <u>31,544</u> | <u>\$ 31,544</u> | <u>\$ -</u> | <u>\$ -</u> | <u>26,367</u> | <u>\$ 26,367</u> |
| OTHER FINANCING SOURCES: | | | | | | | | |
| Transfers in | | | - | | | | 11,781 | |
| NET CHANGE IN FUND BALANCE (DEFICIT) | | | <u>31,544</u> | | | | <u>38,148</u> | |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | | | <u>(40,746)</u> | | | | <u>(38,148)</u> | |
| FUND BALANCE (DEFICIT), END OF YEAR | | | <u>\$ (9,202)</u> | | | | <u>\$ -</u> | |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2011

| | McKinney Education for Homeless Children Fund | | | | ROE/ISC Operations | | | |
|--|---|---------------|----------------|----------------------------|--------------------|---------------|-------------------|----------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | | Original | Final | | |
| REVENUES: | | | | | | | | |
| Local sources | \$ - | \$ - | \$ 3 | \$ 3 | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | 50,689 | 50,689 | 64,352 | 13,663 |
| Federal sources | 17,345 | 17,345 | 17,345 | - | - | - | - | - |
| Total revenues | 17,345 | 17,345 | 17,348 | 3 | 50,689 | 50,689 | 64,352 | 13,663 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| Education: | | | | | | | | |
| Salaries | 8,345 | 9,745 | 9,745 | - | 37,638 | 37,638 | 38,139 | (501) |
| Benefits | 4,000 | 4,000 | 4,018 | (18) | 12,233 | 12,233 | 11,844 | 389 |
| Purchased services | 4,467 | 3,067 | 3,009 | 58 | 818 | 818 | 706 | 112 |
| Supplies and materials | 533 | 533 | 576 | (43) | - | - | - | - |
| Payments to other governments | - | - | - | - | - | - | - | - |
| Total expenditures | 17,345 | 17,345 | 17,348 | (3) | 50,689 | 50,689 | 50,689 | - |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ - | \$ - | - | \$ - | \$ - | \$ - | 13,663 | \$ 13,663 |
| OTHER FINANCING SOURCES: | | | | | | | | |
| Transfers in | | | - | | | | - | |
| NET CHANGE IN FUND BALANCE (DEFICIT) | | | - | | | | 13,663 | |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | | | - | | | | (20,000) | |
| FUND BALANCE (DEFICIT), END OF YEAR | | | \$ - | | | | \$ (6,337) | |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2011

| | ARRA Title I School Improvement | | | | Totals | | | |
|--|---------------------------------|----------------|-------------------|-------------------------------|------------------|----------------|--------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | | Original | Final | | |
| REVENUES: | | | | | | | | |
| Local sources | \$ - | \$ - | \$ 192 | \$ 192 | \$ - | \$ - | \$ 195 | \$ 195 |
| State sources | - | - | - | - | 207,574 | 207,574 | 290,929 | 83,355 |
| Federal sources | 114,000 | 120,000 | 120,000 | - | 131,345 | 137,345 | 137,345 | - |
| Total revenues | 114,000 | 120,000 | 120,192 | 192 | 338,919 | 344,919 | 428,469 | 83,550 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| Education: | | | | | | | | |
| Salaries | 32,270 | 43,950 | 43,950 | - | 194,077 | 207,157 | 217,337 | (10,180) |
| Benefits | 10,728 | 7,430 | 7,204 | 226 | 48,949 | 45,651 | 45,605 | 46 |
| Purchased services | 42,440 | 9,286 | 9,085 | 201 | 59,349 | 24,795 | 25,975 | (1,180) |
| Supplies and materials | 24,562 | 46,384 | 47,453 | (1,069) | 32,544 | 54,366 | 55,478 | (1,112) |
| Payments to other governments | 4,000 | 12,950 | 12,500 | 450 | 4,000 | 12,950 | 12,500 | 450 |
| Total expenditures | 114,000 | 120,000 | 120,192 | (192) | 338,919 | 344,919 | 356,895 | (11,976) |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ - | \$ - | - | \$ - | \$ - | \$ - | 71,574 | \$ 71,574 |
| OTHER FINANCING SOURCES: | | | | | | | | |
| Transfers in | | | - | | | | 11,781 | |
| NET CHANGE IN FUND BALANCE (DEFICIT) | | | - | | | | 83,355 | |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | | | - | | | | (98,894) | |
| FUND BALANCE (DEFICIT), END OF YEAR | | | \$ - | | | | \$ (15,539) | |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF ACCOUNTS
ALTERNATIVE SCHOOLS FUND
June 30, 2011

SCHEDULE 6

| | <u>State Lunch Fund</u> | <u>National School Lunch Fund</u> | <u>School Breakfast Fund</u> | <u>Truants Alternative/ Optional Education Program - ARRA Education Jobs Fund</u> | <u>Alternative Resource Center (ARC) - ARRA Education Jobs Fund</u> | <u>Totals</u> |
|---|---------------------------------|---|--------------------------------------|---|---|---------------|
| ASSETS | | | | | | |
| Total assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| LIABILITIES AND FUND BALANCE | | | | | | |
| LIABILITIES | | | | | | |
| Total liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| FUND BALANCE | | | | | | |
| Restricted | - | - | - | - | - | - |
| TOTAL LIABILITIES AND FUND BALANCE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALTERNATIVE SCHOOLS FUND ACCOUNTS
 June 30, 2011

SCHEDULE 7

| | <u>State Lunch Fund</u> | <u>National School Lunch Fund</u> | <u>School Breakfast Fund</u> | <u>Truants Alternative/ Optional Education Program - ARRA Education Jobs Fund</u> | <u>Alternative Resource Center (ARC) - ARRA Education Jobs Fund</u> | <u>Totals</u> |
|--|---------------------------------|---|--------------------------------------|---|---|-----------------|
| REVENUES: | | | | | | |
| Local sources | \$ 90 | \$ 50 | \$ 10 | \$ - | \$ - | \$ 150 |
| State sources | 777 | - | - | - | - | 777 |
| Federal sources | - | 18,699 | 3,962 | 33,577 | 13,320 | 69,558 |
| Total revenues | <u>867</u> | <u>18,749</u> | <u>3,972</u> | <u>33,577</u> | <u>13,320</u> | <u>70,485</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Education: | | | | | | |
| Salaries | - | - | - | 27,702 | 10,988 | 38,690 |
| Benefits | - | - | - | 5,875 | 2,332 | 8,207 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>33,577</u> | <u>13,320</u> | <u>46,897</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>867</u> | <u>18,749</u> | <u>3,972</u> | <u>-</u> | <u>-</u> | <u>23,588</u> |
| OTHER FINANCING USES: | | | | | | |
| Transfers out | <u>(867)</u> | <u>(18,749)</u> | <u>(3,972)</u> | <u>-</u> | <u>-</u> | <u>(23,588)</u> |
| NET CHANGE IN FUND BALANCE | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, BEGINNING OF YEAR AS RESTATED | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2011

| | Institute Fund | Bus Driver Fund | General Education Development Fund | Totals |
|---|-------------------------|------------------------|---|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 24,662 | \$ 1,591 | \$ 3,467 | \$ 29,720 |
| Accounts receivable | <u>49</u> | <u>-</u> | <u>90</u> | <u>139</u> |
| TOTAL ASSETS | <u>\$ 24,711</u> | <u>\$ 1,591</u> | <u>\$ 3,557</u> | <u>\$ 29,859</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ 526</u> | <u>\$ 141</u> | <u>\$ 264</u> | <u>\$ 931</u> |
| FUND BALANCE | | | | |
| Restricted | <u>24,185</u> | <u>1,450</u> | <u>3,293</u> | <u>28,928</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 24,711</u> | <u>\$ 1,591</u> | <u>\$ 3,557</u> | <u>\$ 29,859</u> |

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2011**

| | <u>Institute Fund</u> | <u>Bus Driver Fund</u> | <u>General Education Development Fund</u> | <u>Totals</u> |
|--|---------------------------|--------------------------------|---|------------------|
| REVENUES: | | | | |
| Local sources | \$ 13,665 | \$ 1,180 | \$ 7,389 | \$ 22,234 |
| State sources | - | 632 | - | 632 |
| Total revenues | <u>13,665</u> | <u>1,812</u> | <u>7,389</u> | <u>22,866</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Education: | | | | |
| Salaries | 6,653 | - | - | 6,653 |
| Benefits | 2,365 | - | - | 2,365 |
| Purchased services | 435 | 1,841 | 193 | 2,469 |
| Supplies and materials | 654 | - | 3,245 | 3,899 |
| Miscellaneous | 105 | - | - | 105 |
| Payment to other governments | - | - | 2,053 | 2,053 |
| Total operating expenses | <u>10,212</u> | <u>1,841</u> | <u>5,491</u> | <u>17,544</u> |
| NET CHANGE IN FUND BALANCE | 3,453 | (29) | 1,898 | 5,322 |
| FUND BALANCE, BEGINNING OF YEAR AS RESTATED | <u>20,732</u> | <u>1,479</u> | <u>1,395</u> | <u>23,606</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 24,185</u> | <u>\$ 1,450</u> | <u>\$ 3,293</u> | <u>\$ 28,928</u> |

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year Ended June 30, 2011

| | <u>Balance,</u> <u>June 30, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance,</u> <u>June 30, 2011</u> |
|--|---|---------------------|---------------------|---|
| <u>SCHOOL FACILITY OCCUPATION TAX</u> | | | | |
| ASSETS | | | | |
| Cash | \$ - | \$ 746,878 | \$ 682,890 | \$ 63,988 |
| Due from other governments | <u>127,797</u> | <u>752,510</u> | <u>746,878</u> | <u>133,429</u> |
| TOTAL ASSETS | <u>\$ 127,797</u> | <u>\$ 1,499,388</u> | <u>\$ 1,429,768</u> | <u>\$ 197,417</u> |
| LIABILITIES | | | | |
| Due to other governments | <u>\$ 127,797</u> | <u>\$ 752,510</u> | <u>\$ 682,890</u> | <u>\$ 197,417</u> |