

**State of Illinois**  
**BOONE/WINNEBAGO COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #4**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the Year Ended June 30, 2010**

**Performed as Special Assistant Auditors**  
**For the Office of the Auditor General**

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 JUNE 30, 2010

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BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2010

OFFICIALS

Regional Superintendent  
(Current and during the audit period)

Dr. Richard Fairgrievs

Assistant Regional Superintendent  
(Current and during the audit period)

Dr. Lori Fanello

Office is located at:

300 Heart Blvd.  
Loves Park, IL 61111-7516

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2010

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	0

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

An additional 5 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 QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
10-01	12a	Controls Over Financial Statement Preparation	Material Weakness
10-02	12c	Departure from Generally Accepted Accounting Principle	Material Weakness
10-03	12e	Segregation of Cash and Fund Balances	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2010

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at exit conferences on November 19, 2010, and May 20, 2011. Attending were Richard Fairgrievs, Regional Superintendent, Dr. Lori Fanello, Assistant Regional Superintendent, Cyndi Sheets, Assistant Office Manager, Anne Lazerinni, Bookkeeper, Tom McCullough, Office Manager, Kelly Mittelstaedt, OAG Audit Manager, and Tami Knight, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Richard Fairgrievs, Regional Superintendent.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2010

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Boone/Winnebago Counties Regional Office of Education #4 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed a qualified opinion on the Regional Office of Education #4's basic financial statements.





## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone/Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #4's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #4's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The Regional Office of Education #4 did not recognize and disclose postemployment benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. The effects of this departure from U.S. generally accepted accounting principles on the financial statements of the Regional Office of Education #4 are not reasonably determinable.

In our opinion, except for the effects of not recognizing a liability for postemployment benefits other than pensions in the Statement of Net Assets and the Statement of Activities as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #4, as of June 30, 2010, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2011, on our consideration of the Regional Office of Education #4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16f and 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #4's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
May 20, 2011



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone/Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #4's basic financial statements and have issued our report thereon dated May 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #4'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 Regional Office of Education #4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #4's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 10-01, 10-02, and 10-03 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to management of the Regional Office of Education #4 in a separate letter dated May 20, 2011.

The Regional Office of Education #4's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Regional Office of Education #4's responses, and accordingly, we express no opinion on them.

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

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
May 20, 2011



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the Boone/Winnebago Counties Regional Office of Education #4's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Regional Office of Education #4's major federal programs for the year ended June 30, 2010. The Regional Office of Education #4's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #4's management. Our responsibility is to express an opinion on the Regional Office of Education #4's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #4's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #4's compliance with those requirements.

In our opinion, the Regional Office of Education #4 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Regional Office of Education #4 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #4's internal control over compliance with the requirements that could have a direct

and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #4's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
May 20, 2011

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Qualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
● Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	No
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No

Identification of **major** programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.048A	Career and Technical Education – Basic Grants to States (Perkins IV)

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

Auditee qualified as a low-risk auditee?	Yes
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**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 10-01 – Controls Over Financial Statement Preparation**

**Criteria/specific requirement:**

The Regional Office of Education #4 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's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #4 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, no entries were provided to reconcile the Regional Office of Education #4's grant activity, such as posting grant receivables and deferred revenues.

**Effect:**

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

**Cause:**

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.



**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 10-01 – Controls Over Financial Statement Preparation (Concluded)**

**Auditors Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #4 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

Each month the grants bookkeeper for Kishwaukee Intermediate Delivery System (K.I.D.S.) of the Boone-Winnebago Regional Office of Education #4 provides each grant director a copy of their applicable financial statement. The directors review the report and if they find any discrepancies, report such findings to the bookkeeper. After this is resolved, they initial the report and return it to the bookkeeper.

The Fund Balance Report is prepared by the Administrative Assistant after the bank statements have been reconciled by the bookkeepers. If an error is discovered, it is corrected immediately and noted on the Fund Balance Report.

**Auditor's Comment:**

While the monthly procedures referenced in the Regional Office's response are an important part of the Regional Office's maintenance of financial records, they do not address the financial statement shortcomings noted in the finding. Review of cash basis financial statements by a program director does not encompass either the adjustments needed to convert cash basis financial information to GAAP based financial statements or the completion of accurate and comprehensive footnote disclosures.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 10-02 – Departure from Generally Accepted Accounting Principle**

**Criteria/Specific Requirement:**

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1) and (2)) requires that each Regional Office of Education maintain the accounting records necessary to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

**Condition:**

The Regional Office of Education #4 participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees' services occurs, rather than when the benefits are paid. Currently, the Regional Office of Education #4's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The Regional Office of Education #4 did not obtain an actuarial valuation of its postemployment benefits other than pension liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of Regional Office of Education #4 as of June 30, 2010.

**Effect:**

Failure to apply the accounting and reporting requirements of GASB Statement No. 45 could result in misstatements of the Regional Office of Education #4's financial statements. This could also result in inaccurate and incomplete disclosure of the OPEB plan description, the funding policy, and the annual OPEB and net OPEB obligation.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 10-02 – Departure from Generally Accepted Accounting Principle (Concluded)**

**Cause:**

According to Regional Office management, noncompliance with GASB Statement No. 45 was due to budget restraints and the overall complexity of the pronouncement.

**Auditors' Recommendation:**

We recommend the Regional Office of Education #4 obtain or perform an actuarial valuation of its other postemployment benefit liability to be in compliance with GASB Statement No. 45 and include all disclosures required by the Statement in its financial statements.

**Management's Response:**

The Boone-Winnebago Regional Office of Education #4 has evaluated its responsibility regarding other post employment benefits liability. Former employees who have pension coverage under the Illinois Municipal Retirement Fund (IMRF) are eligible to retain their rights to health insurance through the Boone-Winnebago Regional Office of Education #4 and are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Boone-Winnebago Regional Office of Education #4's health insurance plan. Therefore, there has been zero percent utilization and no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

After reviewing health insurance rates and costs with our insurance agent, along with the status of the Federal Health Coverage Program, we determined that any liability factor that we could arrive at would be a diminutive amount. For these reasons the Boone-Winnebago Regional Office of Education #4 has not recorded any post employment benefit liability as of June 30, 2010.

**Auditor's Comment:**

The Regional Superintendent of Schools stated at the exit conference that a valuation of the liability **would not be completed** and that the Regional Office would accept the finding associated with the lack of compliance with the GASB Statement.

While the Regional Superintendent's response is now that an evaluation has been performed, documentation supporting Regional Office's determination that the liability associated with GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* would be immaterial to their FY 2010 financial statements was not presented to auditors for evaluation and review.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 10-03 – Segregation of Cash and Fund Balances**

**Criteria/Specific Requirement:**

Generally accepted accounting principles, good fiscal management, and some grant agreements require cash and fund balances to be segregated and reported by fund and individual grant program.

**Condition:**

The Regional Office of Education #4 maintains its cash in comingled bank accounts and does not segregate individual fund and grant program cash and fund balances in their accounting system.

**Effect:**

The Regional Office is unable to determine cash and fund balances by fund and grant program.

**Cause:**

The Regional Office was unaware of the requirement.

**Auditors Recommendation:**

The Regional Office should begin tracking cash and fund balances in its accounting system segregated by fund and grant program.

**Management's Response:**

The Auditor is saying the condition of the Regional Office of Education is that we are unable to determine cash and fund balances. This is an untrue statement. The previous 15 years of Auditors never required this action to be implemented into the software and when Kemper and Associates arrived – they made this an implementation of their own. This will be and can be done in the Excel program vs. adding over 1000 accounts to each software program – and there are (7) in total – to accommodate one set of auditors and to then have new auditors arrive in 5-6 years and not require this action.

Secondly, when the Auditor asked me to breakdown all the checking accounts and account for cash with in each of the checking accounts this was done, the error was the auditor adding in the Prime Fund Money Market checking account and using totals from the FY2009 audit provided from the previous auditor that had adjustments made in their paperwork that we did not receive. Once the Prime Fund Money Market account was removed from the Excel spreadsheet total everything came together and balanced after MUCH RESEARCH and TIME on both parties end.

Given this was the first year for this set of auditors the expectations were not made clear before arriving and was asked of us as they went through the books in person. To say we were unaware of the requirement is a false statement and one done so after they were here and reviewed the books.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 10-03 – Segregation of Cash and Fund Balances (Concluded)**

**Auditor’s Comment:**

While previous auditors ascertained fund balances by rolling forward cash balances (adding receipts and subtracting expenditures), in May 2010 the Regional Office moved funds between major account groupings (referred to as “software programs” by the ROE) and did not properly adjust their records to accurately and completely reflect this activity. Consequently, the Regional Office of Education #4 **was unable** to provide auditors with individual fund balances. Auditors attempted to tie out amounts in the checking accounts with fund balances from the prior audit report. If the Regional Office had had accurate fund balances for auditors to review, neither the auditors nor the Regional Office would have had to incur the time and research in attempting to resolve this matter. Consequently, the auditors recommended that the Regional Office track individual cash and fund balances, as required by generally accepted accounting principles and many federal and State grant programs, in its accounting system.

The Regional Office references the need to add over 1,000 accounts to each software program. In actuality, the Regional Office had a total of thirty funds and grant programs at June 30, 2010, which would have required the addition of thirty cash accounts and thirty fund balance accounts to track its fund balances.

The Regional Office’s response indicates that it **was** aware of the requirement that cash and fund balances be segregated and maintained by fund and individual program. Since the Regional Office did not comply with this requirement, the auditors concluded that it was unaware of this requirement. If, as the Regional Office asserts, it was aware of the requirement but chose not to comply with it, auditors will follow up on this matter in our next audit.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**INSTANCES OF NONCOMPLIANCE:**

None

**SIGNIFICANT DEFICIENCIES:**

None

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Corrective Action Plan**

**Finding No. 10-01 – Controls Over Financial Statement Preparation**

**Condition:**

The Regional Office of Education #4 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #4's grant activity, such as posting grant receivables and deferred revenue.

**Plan:**

Management does not concur with the finding and provided the following response:

Each month the grants bookkeeper for Kishwaukee Intermediate Delivery System (K.I.D.S.) of the Boone-Winnebago Regional Office of Education #4 provides each grant director a copy of their applicable financial statement. The directors review the report and if they find any discrepancies, report such findings to the bookkeeper. After this is resolved, they initial the report and return it to the bookkeeper.

The Fund Balance Report is prepared by the Administrative Assistant after the bank statements have been reconciled by the bookkeepers. If an error is discovered, it is corrected immediately and noted on the Fund Balance Report.

**Anticipated Date of Completion:**

Not applicable.

**Contact Person Responsible for Corrective Action:**

Honorable Richard Fairgrievies, Regional Superintendent of Schools



**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Corrective Action Plan (Continued)**

**Finding No. 10-02 – Departure from Generally Accepted Accounting Principle**

**Condition:**

The Regional Office of Education #4 participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees' services occurs, rather than when the benefits are paid. Currently, the Regional Office of Education #4's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The Regional Office of Education #4 did not obtain an actuarial valuation of its postemployment benefits other than pension liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of Regional Office of Education #4 as of June 30, 2010.

**Plan:**

Management does not concur with the finding and provided the following response:

The Boone-Winnebago Regional Office of Education #4 has evaluated its responsibility regarding other post employment benefits liability. Former employees who have pension coverage under the Illinois Municipal Retirement Fund (IMRF) are eligible to retain their rights to health insurance through the Boone-Winnebago Regional Office of Education #4 and are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Boone-Winnebago Regional Office of Education #4's health insurance plan. Therefore, there has been zero percent utilization and no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

After reviewing health insurance rates and costs with our insurance agent, along with the status of the Federal Health Coverage Program, we determined that any liability factor that we could arrive at would be a diminutive amount. For these reasons the Boone-Winnebago Regional Office of Education #4 has not recorded any post employment benefit liability as of June 30, 2010.

**Anticipated Date of Completion:**

Not applicable.

**Contact Person Responsible for Corrective Action:**

Honorable Richard Fairgrievs, Regional Superintendent of Schools



**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Corrective Action Plan (Concluded)**

**Finding No. 10-03 – Segregation of Cash and Fund Balances**

**Condition:**

The Regional Office of Education #4 maintains its cash in comingled bank accounts and does not segregate individual fund and grant program cash and fund balances in their accounting system.

**Plan:**

Management does not concur with the finding and provided the following response:

The Auditor is saying the condition of the Regional Office of Education is that we are unable to determine cash and fund balances. This is an untrue statement. The previous 15 years of Auditors never required this action to be implemented into the software and when Kemper and Associates arrived – they made this an implementation of their own. This will be and can be done in the Excel program vs. adding over 1000 accounts to each software program – and there are (7) in total – to accommodate one set of auditors and to then have new auditors arrive in 5-6 years and not require this action.

Secondly, when the Auditor asked me to breakdown all the checking accounts and account for cash with in each of the checking accounts this was done, the error was the auditor adding in the Prime Fund Money Market checking account and using totals from the FY2009 audit provided from the previous auditor that had adjustments made in their paperwork that we did not receive. Once the Prime Fund Money Market account was removed from the Excel spreadsheet total everything came together and balanced after MUCH RESEARCH and TIME on both parties end.

Given this was the first year for this set of auditors the expectations were not made clear before arriving and was asked of us as they went through the books in person. To say we were unaware of the requirement is a false statement and one done so after they were here and reviewed the books.

**Anticipated Date of Completion:**

Not applicable.

**Contact Person Responsible for Corrective Action:**

Honorable Richard Fairgrievies, Regional Superintendent of Schools

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
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There were no audit findings in the prior year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

The Boone/Winnebago Counties Regional Office of Education No. #4 (Regional Office of Education #4) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2010 with comparative information for the year ended June 30, 2009. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #4's basic financial statements.

**2010 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased by \$510,761 (50%) from \$1,028,871 in FY 2009 to \$1,539,632 in FY 2010. General Fund expenditures increased by \$447,565 (42%) from \$1,076,013 in FY 2009 to \$1,523,578 in FY 2010.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$971,106 (18%) from \$5,285,303 in FY 2009 to \$6,256,409 in FY 2010. The Special Revenue Fund expenditures increased by \$1,357,558 (26%) from \$5,274,089 in FY 2009 to \$6,631,647 in FY 2010.
- The Enterprise Fund revenues increased by \$197,728 (32%) from \$620,787 in FY 2009 to \$818,515 in FY 2010. The Enterprise Fund expenditures decreased by \$22,656 (5%) from \$442,646 in FY 2009 to \$419,990 in FY 2010.
- The Regional Office of Education #4 has no long term debt.

**Using This Report**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Regional Office of Education #4's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education #4 as a whole and present an overall view of the Regional Office of Education #4's finances.
- *Fund financial statements* report the Regional Office of Education #4's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and other supplementary information provides detailed information about the major and non-major funds.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**Reporting the Boone/Winnebago Counties Regional Office of Education No. #4 as a Whole**

It is important to note, that many grants are a cooperative effort of the Regional Office of Education #4 and the DeKalb County Regional Office of Education No. 16 and the McHenry County Regional Office of Education #44. Therefore, these figures may reflect grants that are intended to serve Boone/Winnebago Counties only and grants that serve DeKalb County and McHenry County.

**The Statement of Net Assets and the Statement of Activities**

The Government-wide financial statements report information about the Regional Office of Education #4 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using generally accepted accounting principles and GASB 34.

The Government-wide financial statements report the Regional Office of Education #4's net assets and how they have changed. Net assets - the difference between assets and liabilities - are one way to measure the Regional Office of Education #4's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #4's overall financial condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

The Government-wide financial statements present the Regional Office of Education #4's activities as governmental and business-type activities. Local, State, and federal funds finance most of the governmental activities while local workshops finance most of the business-type activities.

**Fund Financial Statements**

The fund financial statements provide detailed information about the Regional Office of Education #4's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #4 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for all of the Regional Office of Education #4's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office of Education #4's programs. The Regional Office of Education #4's Governmental Funds include the General Fund and the Special Revenue Funds.

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

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the Regional Office of Education #4 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office of Education #4. The net assets at the end of FY 2010 and FY 2009 totaled \$4,932,783 and \$4,589,608, respectively. The analysis that follows provides a summary of the Regional Office of Education #4's net assets as of June 30, 2010 and 2009.

CONDENSED STATEMENT OF NET ASSETS

	<u>CONDENSED STATEMENT OF NET ASSETS</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 4,926,735	\$ 4,892,592	\$ 1,141,947	\$ 882,943	\$ 6,068,682	\$ 5,775,535
Capital assets, net	81,703	49,314	2,030	3,090	83,733	52,404
Total assets	<u>5,008,438</u>	<u>4,941,906</u>	<u>1,143,977</u>	<u>886,033</u>	<u>6,152,415</u>	<u>5,827,939</u>
Current liabilities	1,219,632	1,097,584	-	140,747	1,219,632	1,238,331
Total liabilities	<u>1,219,632</u>	<u>1,097,584</u>	<u>-</u>	<u>140,747</u>	<u>1,219,632</u>	<u>1,238,331</u>
Net assets:						
Invested in capital assets	81,703	49,314	2,030	3,090	83,733	52,404
Restricted for teacher professional development	91,294	176,490	-	-	91,294	176,490
Unrestricted	3,615,809	3,618,518	1,141,947	742,196	4,757,756	4,360,714
Total net assets	<u>\$ 3,788,806</u>	<u>\$ 3,844,322</u>	<u>\$ 1,143,977</u>	<u>\$ 745,286</u>	<u>\$ 4,932,783</u>	<u>\$ 4,589,608</u>

The Regional Office of Education #4's net assets increased by \$343,175 (7%) from FY 2009. The increase occurred primarily in the enterprise funds due to the excess of revenues over expenses for workshops conducted by the Regional Office of Education #4. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**CHANGES IN NET ASSETS**

The following analysis shows the changes in net assets for the years ended June 30, 2010 and 2009.

	<b><u>CHANGES IN NET ASSETS</u></b>					
	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Operating grants and contributions	\$ 5,567,473	\$ 5,245,748	\$ -	\$ -	\$ 5,567,473	\$ 5,245,748
<b>General revenues:</b>						
Local sources	764,053	99,146	-	-	764,053	99,146
State sources	287,606	-	-	-	287,606	-
Federal sources	224,423	-	-	-	224,423	-
On-behalf payments	1,208,805	535,532	-	-	1,208,805	535,532
Charges for services	-	378,130	818,515	620,731	818,515	998,861
Investment earnings	14,960	55,618	166	56	15,126	55,674
Loss on disposal of assets	-	(3,977)	-	-	-	(3,977)
Total revenues	<u>8,067,320</u>	<u>6,310,197</u>	<u>818,681</u>	<u>620,787</u>	<u>8,886,001</u>	<u>6,930,984</u>
<b>Expenses:</b>						
<b>Programs expenses:</b>						
Salaries and benefits	2,842,055	2,433,318	753	210	2,842,808	2,433,528
Purchased services	1,321,535	1,668,337	407,162	429,982	1,728,697	2,098,319
Supplies and materials	837,696	190,195	11,015	11,394	848,711	201,589
Other objects	727	-	-	-	727	-
Payments to other governments	1,891,163	1,421,693	-	-	1,891,163	1,421,693
Capital outlay	-	56,740	-	-	-	56,740
Depreciation	20,855	17,829	1,060	1,060	21,915	18,889
<b>Administrative expenses:</b>						
On-behalf payments - state	1,208,805	535,532	-	-	1,208,805	535,532
Total expenses	<u>8,122,836</u>	<u>6,323,644</u>	<u>419,990</u>	<u>442,646</u>	<u>8,542,826</u>	<u>6,766,290</u>
<b>Other financing sources (uses):</b>						
Operating transfers	-	(1,630)	-	1,630	-	-
Changes in net assets	(55,516)	(15,077)	398,691	179,771	343,175	164,694
Net assets, beginning of year	3,844,322	3,859,399	745,286	565,515	4,589,608	4,424,914
Net assets, end of year	<u>\$ 3,788,806</u>	<u>\$ 3,844,322</u>	<u>\$ 1,143,977</u>	<u>\$ 745,286</u>	<u>\$ 4,932,783</u>	<u>\$ 4,589,608</u>

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**Governmental Activities**

Revenues for governmental activities were \$8,067,320, and expenses were \$8,122,836. The increase in revenues of \$1,757,123 (28%) and increase in expenditures of \$1,799,192 (28%) is primarily due to the reclassification of the CEANCI programs from fiduciary funds to special revenue funds. This reclassification has increased revenue and expenditures \$1,327,475 and \$1,358,675, respectively. The remaining increase in revenue and expenditures of \$429,648 and \$440,517, respectively, is due to the Regional Office recognizing payments made on their behalf by Boone and Winnebago counties in the amount of \$515,708, as "On-behalf payments" both in revenue and expenditures in the General Operation fund. Interest income decreased due to lower cash balances available for investment and lower interest rates. Individual grant revenue decreased from FY 2009 as certain programs were not funded or funding was reduced in FY 2010. Consequently, expenses were proportionally increased or decreased to meet the funding level.

**Business-Type Activities**

Revenues for business-type activities were \$818,681 and expenditures were \$419,990. The increase in revenues is due mainly to the increase in local workshops and conferences conducted by the Regional Office of Education #4 in FY 2010. Expenses remained consistent between the years.

**Financial Analysis of the Regional Office of Education #4 Funds**

As previously noted, the Regional Office of Education #4 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #4's Governmental Funds reported combined fund balances were \$3,450,784.

**Governmental Fund Highlights**

The General Assembly and the Illinois State Board of Education (ISBE) continue to increase the responsibilities of the Regional Offices of Education (ROE) without providing any additional resources.

Two areas will be cited where this is true:

- Certification requirements and procedures have changed from just certificate registration to certificate renewal with endorsements and highly qualified status requirements for teachers. This has increased the Regional Office's work load tremendously. Teachers and administrators are requiring one-on-one help to learn how to use the Educator Certification System to enter their professional development activities.
- Additional fingerprinting requirements for private and parochial school teachers have increased the work load on ROE staff.



**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**Proprietary Fund Highlights**

Total proprietary fund net assets increased by \$398,691 (54%). The increase resulted from the excess of revenues over expenditures for the local workshop fund.

**Budgetary Highlights**

The Regional Office of Education #4 annually adopts budgets for several funds. The General Fund Accounts and KIDS Accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from October 1 to September 30. All grant budgets are prepared by the Regional Office of Education #4 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

The Regional Office of Education #4's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education #4 maintains an inventory of capital assets which have been accumulated over time. In FY 2010, total additions amounted to \$53,244. Depreciation expense for FY 2010 was \$21,915.

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Regional Office of Education #4 was aware of several existing circumstances that could affect its financial condition in the future:

- The proposed State aid foundation level for FY 2011 has been increased to \$6,119 per student.
- County board support for Regional Office of Education #4 is expected to continue to decline during FY 2011.
- Federal funds under ARRA are expected to be received in FY 2011 in the form of general state aid in an effort to reduce the impact of the State's current fiscal deficit on the ROE's operations.
- The student growth in the region is stabilizing.
- The interest rate on investments continues to be low.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Regional Office of Education #4's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #4 at 300 Heart Blvd., Loves Park, IL 61111.

## BASIC FINANCIAL STATEMENTS

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 4,274,780	\$ 1,117,908	\$ 5,392,688
Due from other governments:			
Local	22,940	24,039	46,979
State	617,414	-	617,414
Federal	11,601	-	11,601
Total Current Assets	<u>4,926,735</u>	<u>1,141,947</u>	<u>6,068,682</u>
<b>Noncurrent Assets:</b>			
Capital assets, being depreciated, net	81,703	2,030	83,733
Total Noncurrent Assets	<u>81,703</u>	<u>2,030</u>	<u>83,733</u>
<b>TOTAL ASSETS</b>	<u>5,008,438</u>	<u>1,143,977</u>	<u>6,152,415</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Due to other governments:			
Federal	1,304	-	1,304
Unearned revenue	1,218,328	-	1,218,328
Total Current Liabilities	<u>1,219,632</u>	<u>-</u>	<u>1,219,632</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	81,703	2,030	83,733
Restricted for teacher professional development	91,294	-	91,294
Unrestricted	3,615,809	1,141,947	4,757,756
<b>TOTAL NET ASSETS</b>	<u>\$ 3,788,806</u>	<u>\$ 1,143,977</u>	<u>\$ 4,932,783</u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 2,842,055	\$ -	\$ 2,292,783	\$ (549,272)	\$ -	\$ (549,272)
Purchased services	1,321,535	-	1,384,678	63,143	-	63,143
Supplies and materials	837,696	-	517,905	(319,791)	-	(319,791)
Other objects	727	-	-	(727)	-	(727)
Depreciation expense	20,855	-	-	(20,855)	-	(20,855)
Capital outlay	-	-	53,244	53,244	-	53,244
Payments to other governments	1,891,163	-	1,318,863	(572,300)	-	(572,300)
Administrative:						
On-behalf payments - Local	515,708	-	-	(515,708)	-	(515,708)
On-behalf payments - State	693,097	-	-	(693,097)	-	(693,097)
Total Governmental Activities	8,122,836	-	5,567,473	(2,555,363)	-	(2,555,363)
Business-Type Activities:						
Charges for services	419,990	818,515	-	-	398,525	398,525
Total Business-Type Activities	419,990	818,515	-	-	398,525	398,525
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,542,826</b>	<b>\$ 818,515</b>	<b>\$ 5,567,473</b>	<b>(2,555,363)</b>	<b>398,525</b>	<b>(2,156,838)</b>
GENERAL REVENUES:						
Local sources				764,053	-	764,053
State sources				287,606	-	287,606
Federal sources				224,423	-	224,423
On-behalf payments - Local				515,708	-	515,708
On-behalf payments - State				693,097	-	693,097
Investment earnings				14,960	166	15,126
Total General Revenues				2,499,847	166	2,500,013
CHANGE IN NET ASSETS				(55,516)	398,691	343,175
NET ASSETS - BEGINNING				3,844,322	745,286	4,589,608
NET ASSETS - ENDING				\$ 3,788,806	\$ 1,143,977	\$ 4,932,783

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 377,570	\$ 3,477,761	\$ 419,449	\$ -	\$ 4,274,780
Due from other funds	-	624,646	-	(624,646)	-
Due from other governments:					
Local	1,288	21,652	-	-	22,940
State	43,414	574,000	-	-	617,414
Federal	-	11,601	-	-	11,601
<b>TOTAL ASSETS</b>	<b>\$ 422,272</b>	<b>\$ 4,709,660</b>	<b>\$ 419,449</b>	<b>\$ (624,646)</b>	<b>\$ 4,926,735</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 624,646	\$ -	\$ (624,646)	\$ -
Due to other governments:					
Federal	-	1,304	-	-	1,304
Unearned revenue	-	1,474,647	-	-	1,474,647
<b>Total Liabilities</b>	<b>-</b>	<b>2,100,597</b>	<b>-</b>	<b>(624,646)</b>	<b>1,475,951</b>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General fund	422,272	-	-	-	422,272
Special revenue funds	-	2,609,063	419,449	-	3,028,512
<b>Total Fund Balances</b>	<b>422,272</b>	<b>2,609,063</b>	<b>419,449</b>	<b>-</b>	<b>3,450,784</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 422,272</b>	<b>\$ 4,709,660</b>	<b>\$ 419,449</b>	<b>\$ (624,646)</b>	<b>\$ 4,926,735</b>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 3,450,784

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. 81,703

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. 256,319

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 3,788,806

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 117,413	\$ 433,721	\$ 212,919	\$ 764,053
On-behalf payments - Local	515,708	-	-	515,708
State sources	213,414	2,565,323	4,186	2,782,923
On-behalf payments - State	693,097	-	-	693,097
Federal sources	-	3,040,260	-	3,040,260
<b>Total Revenues</b>	<b>1,539,632</b>	<b>6,039,304</b>	<b>217,105</b>	<b>7,796,041</b>
<b>EXPENDITURES</b>				
Instructional Services:				
Salaries and benefits	198,593	2,617,609	25,853	2,842,055
Purchased services	111,231	1,032,966	177,338	1,321,535
Supplies and materials	4,887	826,856	5,953	837,696
Other objects	62	-	665	727
Payments to other governments	-	1,891,163	-	1,891,163
On-behalf expenditures - Local	515,708	-	-	515,708
On-behalf expenditures - State	693,097	-	-	693,097
Capital outlay	-	53,244	-	53,244
<b>Total Expenditures</b>	<b>1,523,578</b>	<b>6,421,838</b>	<b>209,809</b>	<b>8,155,225</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>16,054</b>	<b>(382,534)</b>	<b>7,296</b>	<b>(359,184)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interest income	4,144	10,070	746	14,960
<b>Total Other Financing Sources (Uses)</b>	<b>4,144</b>	<b>10,070</b>	<b>746</b>	<b>14,960</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>20,198</b>	<b>(372,464)</b>	<b>8,042</b>	<b>(344,224)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>402,074</b>	<b>2,981,527</b>	<b>411,407</b>	<b>3,795,008</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 422,272</b>	<b>\$ 2,609,063</b>	<b>\$ 419,449</b>	<b>\$ 3,450,784</b>

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

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (344,224)

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	\$ 53,244	
Depreciation expense	<u>(20,855)</u>	32,389

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.

256,319

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (55,516)



BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,117,908	\$ 1,117,908
Due from other governments:		
Local	24,039	24,039
Total current assets	1,141,947	1,141,947
Noncurrent assets:		
Capital assets, being depreciated, net	2,030	2,030
Total noncurrent assets	2,030	2,030
<b>TOTAL ASSETS</b>	1,143,977	1,143,977
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	2,030	2,030
Unrestricted	1,141,947	1,141,947
<b>TOTAL NET ASSETS</b>	\$ 1,143,977	\$ 1,143,977

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
<b>OPERATING REVENUES</b>		
Charges for services	\$ 818,515	\$ 818,515
Total Operating Revenues	818,515	818,515
<b>OPERATING EXPENSES</b>		
Salaries and benefits	753	753
Purchased services	407,162	407,162
Supplies and materials	11,015	11,015
Depreciation	1,060	1,060
Total Operating Expenses	419,990	419,990
<b>OPERATING INCOME</b>	398,525	398,525
<b>NONOPERATING REVENUE</b>		
Interest income	166	166
Total Nonoperating Revenue	166	166
<b>CHANGE IN NET ASSETS</b>	398,691	398,691
<b>TOTAL NET ASSETS - BEGINNING</b>	745,286	745,286
<b>TOTAL NET ASSETS - ENDING</b>	\$ 1,143,977	\$ 1,143,977

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Totals
Cash Flows from Operating Activities:		
Receipts from customers	\$ 794,476	\$ 794,476
Payments to suppliers and providers of goods and services	(558,924)	(558,924)
Payments to employees	(753)	(753)
Net Cash Provided by Operating Activities	234,799	234,799
Cash Flows from Investing Activities:		
Interest income	166	166
Net Cash Provided by Investing Activities	166	166
Net Increase (Decrease) in Cash and Cash Equivalents	234,965	234,965
Cash and cash equivalents - Beginning	882,943	882,943
Cash and cash equivalents - Ending	\$ 1,117,908	\$ 1,117,908
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income	\$ 398,525	\$ 398,525
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Increase in Due from other governments	(24,039)	(24,039)
Decrease in Accounts payable	(140,747)	(140,747)
Depreciation expense	1,060	1,060
Net Cash Provided by (Used for) Operating Activities	\$ 234,799	\$ 234,799

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

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2010

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 70,864
TOTAL ASSETS	\$ 70,864
<b>LIABILITIES</b>	
Accounts payable	\$ 46,555
Due to other governments	24,309
TOTAL LIABILITIES	\$ 70,864

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Boone/Winnebago Counties Regional Office of Education #4 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2010, the Regional Office of Education #4 implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The Regional Office of Education #4 implemented these standards during the current year; however, GASB Statements No. 51, 53, and 58 had no impact on the financial statements.

A. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #4's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

For the period ended June 30, 2010, the Regional Office of Education #4 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #4. Such activities are reported as a single special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #4's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #4 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #4 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements, other than the agreements detailed below, have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #4 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #4 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #4 being considered a component unit of the entity.

On August 7, 1992, the Regional Office of Education #4 entered into an intergovernmental agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110. The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Deliver System (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone/Winnebago, DeKalb, and McHenry. The Regional Office of Education #4 was designated as the administrative agent and has reported the activity of this agreement in their financial statements.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. SCOPE OF THE REPORTING ENTITY (Concluded)**

The Regional Office of Education #4 also entered into a joint agreement in 1987 with the Belvidere, Byron, Harlem, Hononegah, North Boone, Oregon, Rockford, South Beloit, Stillman Valley, and Winnebago school districts to form the Career Education Associates of North Central Illinois (CEANCI) for the purpose of directing the region's career and technical education programs. The policy-making CEANCI Board of Governors is composed of the school district superintendents. The Regional Office of Education #4 serves as the administrative agent and has reported the activity of this agreement in their financial statements.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #4's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by state and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #4's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #4 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #4's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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

D. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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



BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #4; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

Under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Regional Office of Education applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989, for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures.

Under the terms of grant agreements, Boone/Winnebago Counties Regional Office of Education #4 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #4’s policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING

The Regional Office of Education #4 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #4 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #4 has presented all major funds that met the above qualifications.

The Regional Office of Education #4 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #4. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for in other funds. General Funds include the following:

General Operations – This fund accounts for monies received for and in payment of expenditures in connection with general administrative activities.

ROE/ISC Operations – This fund accounts for grant monies received for and in payment of expenditures for assisting schools in all areas of school improvement.

Education Fund – This fund is used to account for various grants supporting education enhancement programs as follows:

Regional Alternative School – General State Aid – This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Regional Alternative School – ARRA General State Aid – This program accounts for ARRA grant monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Preschool for All – This program accounts for contract money received for and in payment of expenditures incurred in providing comprehensive monitoring and technical assistance to preschool programs.

Workforce Investment Act – This program accounts for grant monies received for and in payment of expenditures associated with vocational training services and coordination of activities to the economically disadvantaged.

Truants Alternative – This program accounts for grant monies received for and in payment of expenditures for optional education opportunities to school dropouts, potential dropouts, and truants of the Region.

Regional Learning Center – General State Aid – This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Learning Center.

Regional Learning Center – ARRA General State Aid – This program accounts for ARRA grant monies received for and in payment of expenditures for the general operations of the Regional Learning Center.

Regional Safe Schools – This program accounts for grant monies received for and in payment of expenditures for activities for disruptive students who are eligible for suspension or expulsion.

Standards Aligned Classroom – This program accounts for monies received for and in payment of expenditures for teams that develop curricula aligned with the Illinois Academic Standards.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Title I – School Improvement & Accountability – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Principal Mentoring – This program accounts for monies received from the Illinois Principals Association for expenditures incurred to ensure that every new principal in the Region receives a high-quality mentoring experience from trained mentors.

Title II – Teacher Quality – This program accounts for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals, and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.

Gifted Education – This program accounts for grant monies received for and in payment of expenditures intended to enhance gifted education.

Teachers & Administrators Mentoring – This program accounts for grant monies received for and in payment of expenditures for activities to assist new teachers through mentoring by trained mentors.

Title I – Reading First Part B SEA – This program accounts for grant monies received for and in payment of expenditures for reading initiatives and for professional development for teachers in schools that participate in the Reading First program.

Regional Attendance Cooperative – This program accounts for local monies received for and in payment of expenditures for the Regional Attendance Cooperative.

Title III – Professional Development – This grant is provided by the Illinois State Board of Education to assist local professional development committees in fulfilling their responsibilities.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Agriculture Education – This program supports agricultural education services offered through the Career Education Association North Central Illinois (CEANCI) Joint Agreement.

Career & Technical Education Improvement (CTEI) – This program is intended to enhance the career and technical education services offered through the Career Education Association North Central Illinois (CEANCI) Joint Agreement.

Career & Technical Education – Perkins IV – This program accounts for federal grant monies received for and in payment of expenditures to support career, vocational, and technical education services offered through the Career Education Association North Central Illinois (CEANCI) Joint Agreement.

Technology for Success – This program accounts for monies received for and in payment of expenditures incurred to create and support ongoing learning team focused on alignment of classroom-level assessment and instruction.

The Regional Office of Education #4 reports the following nonmajor governmental funds:

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

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools of each county or counties to administer the GED test. Testing fees are used for test administration, testing materials, and diplomas on successful completion of the test.

Bus Driver Training – Experienced bus drivers must take a two-hour instructional refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the Regional Office.

Supervisory – This fund was developed by the General Assembly to help support the day-to-day activities of the Regional Superintendent.

BOONE/WINNEBAGO COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds (Concluded)

Educational Service Center No. 1 – This fund accounts for resources used to support the activities of the Educational Service Center No. 1.

Institute – This fund accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #4 reports the following proprietary fund:

Local Workshops – This fund is an enterprise fund established to track revenues received and expenses incurred in offering professional development workshops for teachers and administrators and other services for the school districts in Boone and Winnebago Counties.

FIDUCIARY FUNDS

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #4 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Audiovisual Co-op – This fund accounts for monies received and disbursed by the Regional Superintendent as administrative agent for the Boone/Winnebago Audiovisual Co-op.

Payroll – This fund accounts for all payroll costs incurred by the Regional Office of Education #4. Any fund that has payroll remits the money to the Payroll Fund as administering agent, which then disburses payments to employees.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET ASSETS

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

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

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

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

I. CASH AND CASH EQUIVALENTS

The Boone/Winnebago Counties Regional Office of Education #4’s cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund’s Statement of Revenues, Expenditures, and Changes in Fund Balances.

J. INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

K. 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.

L. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more and estimated useful lives of greater than five years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and Furniture	5-10 years
Computer Equipment	5-10 years



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JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

**M. COMPENSATED ABSENCES**

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Because salaries are grant funded from year to year, all vacation time must be used before the end of the fiscal year. An employee may request that a maximum of five days of unused vacation be carried over to the next fiscal year. The Regional Office did not grant any such requests at June 30, 2009 and 2010, therefore no vacation accruals have been made.

Employees receive up to 10 sick days annually and the unused portion is accumulated up to 30 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

**N. BUDGET INFORMATION**

The Regional Office of Education #4 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Truants Alternative, Regional Safe Schools, Title I – School Improvement & Accountability, Title II – Teacher Quality, Gifted Education, Teachers & Administrators Mentoring, Title I – Reading First Part B SEA, Title III – Professional Development, Agriculture Education, Career & Technical Education Improvement (CTEI), Career & Technical Education – Perkins IV, and Technology for Success.

NOTE 2 – CASH

The Regional Office of Education #4 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.



BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 2 – CASH (Continued)

A. DEPOSITS

At June 30, 2010, the carrying amount of the Regional Office of Education #4's government-wide and agency fund deposits were \$5,392,688 and \$70,864, respectively, and the bank balances were \$6,313,375 and \$71,813, respectively. Of the total bank balances as of June 30, 2010, \$297,503 was secured by federal depository insurance, and \$6,087,684 was fully collateralized and/or backed by the full faith and credit of the U.S. Treasury.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #4's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #4's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #4.

B. INVESTMENTS

The Regional Office of Education #4 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq. As of June 30, 2010, the Regional Office of Education #4 had investments with carrying and fair values of \$211,814 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2010, 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 provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

BOONE/WINNEBAGO COUNTIES  
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JUNE 30, 2010

NOTE 2 – CASH (Concluded)

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.

INTEREST RATE RISK

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #4's defined-benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #4's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the Regional Office of Education #4's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 8.23 percent of annual covered payroll for Regional Office employees and 7.91 percent for employees of the Career Education Association North Central Illinois. The Regional Office of Education #4 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 2009, the Regional Office of Education #4's annual pension cost of \$39,514 (\$35,111 and \$4,403 for employees of the Regional Office and the Career Education Association North Central Illinois, respectively) for the Regular plan was equal to the Regional Office of Education #4's required and actual contributions.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

THREE-YEAR TREND INFORMATION: REGIONAL OFFICE OF EDUCATION #4

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 35,111	100%	\$ 0
12/31/08	16,453	100%	0
12/31/07	45,113	100%	0

THREE-YEAR TREND INFORMATION: CAREER EDUCATION ASSOCIATION  
NORTH CENTRAL ILLINOIS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 4,403	100%	\$ 0
12/31/08	3,994	100%	0
12/31/07	2,775	100%	0

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #4's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Regional Office of Education #4's plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

**Funded Status and Funding Progress.** As of December 31, 2009, the most recent actuarial valuation date, the Regional Office's Regular plan was 71.96 percent funded. The actuarial accrued liability for benefits was \$1,531,016 and the actuarial value of assets was \$1,101,713, resulting in an underfunded actuarial accrued liability (UAAL) of \$429,303. The covered payroll (annual payroll of active employees covered by the plan) was \$426,628, and the ratio of the UAAL to the covered payroll was 101 percent.

As of December 31, 2009, the most recent actuarial valuation date, the Career Education Association North Central Illinois's Regular plan was 98.71 percent funded. The actuarial accrued liability for benefits was \$90,623 and the actuarial value of assets was \$89,451, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,172. The covered payroll (annual payroll of active employees covered by the plan) was \$55,658, and the ratio of the UAAL to the covered payroll was 2 percent.

BOONE/WINNEBAGO COUNTIES  
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JUNE 30, 2010

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10-year basis.

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

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #4 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 funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system’s administration.

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

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #4’s TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #4. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #4 recognized revenue and expenditures of \$451,418 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$310,352) and 13.11 percent (\$237,249), respectively.

The Regional Office of Education #4 makes other types of employer contributions directly to TRS.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2010, were \$11,277. Contributions for the years ending June 30, 2009 and 2008, were \$10,239 and \$10,608, 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 #4, there is a statutory requirement for the Regional Office of Education #4 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer pension contribution was 17.08 and 13.11 percent of salaries paid from those funds, respectively. For the year ended June 30, 2010, salaries totaling \$204,920 were paid from federal and special trust funds that required employer contributions of \$47,910. For the years ended June 30, 2009 and 2008, required Regional Office of Education #4 contributions were \$7,321 and \$17,103, respectively.

- **Early retirement option.** The Regional Office of Education #4 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

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

For the year ended June 30, 2010, the Regional Office of Education #4 paid no contributions to the ERO program. For the years ended, June 30, 2009 and 2008, the Regional Office of Education #4 paid no employer ERO contributions.

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

If the Regional Office of Education #4 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Regional Office of Education #4 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the year ended June 30, 2010, the Regional Office of Education #4 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the Regional Office of Education #4 paid no employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #4 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #4 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010). For the year ended June 30, 2010, the Regional Office of Education #4 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the Regional Office of Education #4 paid no employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

NOTE 5 – TEACHER HEALTH INSURANCE SYSTEM

The Regional Office of Education #4 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined-benefit post-employment 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.



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NOTE 5 – TEACHER HEALTH INSURANCE SYSTEM (Concluded)

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

**On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #4. State contributions are intended to match contributions to THIS Fund from active members, which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$16,332, and the Regional Office of Education #4 recognized revenue and expenditures of this amount during the year.

Had the Regional Office of Education #4 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and 2008, under the current standards, the contribution match would have been 0.84 percent of pay, or \$15,263 and \$15,201, respectively.

**Employer contributions to THIS Fund.** The employer (Regional Office of Education #4) also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the Regional Office of Education #4 paid \$12,249 to the THIS Fund. For the years ended June 30, 2009 and 2008, the Regional Office paid \$11,447 and \$11,401 to THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 – OPERATING LEASES

The Regional Office of Education #4 leases classroom and office space from various parties. During fiscal year 2010, the Regional Office of Education #4 leased classroom and office space located at 410 8th Street, Rockford, Illinois, from the Bethany United Methodist Church for \$2,500 per month. The lease term is from September 1, 2009, to August 31, 2010.

The Regional Office of Education #4 also leased classrooms and office space located at 612 South 5th Street, Rockford, Illinois, for the Regional Learning Academy from Patriots' Gateway Center. The lease term is from August 1, 2009, to August 1, 2010; rent is \$6,200 per month.

The Regional Office of Education #4 leased classrooms and office space located at 215 North Court Street, Rockford, Illinois, for the Regional Learning Academy from the Court Street United Methodist Church. The lease term is from June 15, 2010, to June 30, 2013; rent is \$5,800 per month, with a 3% increase in the second year and a 3% increase in the third year of the lease term.

BOONE/WINNEBAGO COUNTIES  
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NOTE 6 – OPERATING LEASES (Concluded)

The Regional Office of Education #4 leased classrooms and office space located at Logan Elementary School, 620 Logan Avenue, Belvidere, Illinois, from John C. Kollak. The lease term is from September 1, 2009, to August 31, 2010; rent is \$1,150 per month.

The Regional Office of Education #4 leased four rooms in the building at 100 Heart Boulevard, Loves Park, Illinois, from the City of Loves Park. The lease runs from July 1, 2009, to July 31, 2010; rent is \$800 per month.

The Regional Office of Education #4 also leased classrooms and office space from Rock Valley College located at 6279 28th Avenue, Rockford, Illinois. The lease ran from July 1, 2009, to June 30, 2010; rent was \$4,991 per month. The Regional Office has the option and intends to renew this lease for the upcoming fiscal year.

Rent expense for the year ended June 30, 2010, was \$145,430. Future minimum rentals are as follows for the years ending June 30:

2011	\$ 83,900
2012	71,640
2013	73,920
2014	-
2015	-
	\$ 229,460

NOTE 7 – RISK MANAGEMENT

The Regional Office of Education #4 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #4 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #4 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2010:



BOONE/WINNEBAGO COUNTIES  
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**NOTE 8 – CAPITAL ASSETS (Concluded)**

	<u>Balance</u> 07/01/09	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 06/30/10
<b>Governmental Activities</b>				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 176,181	\$ 53,244	\$ -	\$ 229,425
Less Accumulated Depreciation for:				
Computers and Equipment	<u>(126,867)</u>	<u>(20,855)</u>	<u>-</u>	<u>(147,722)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 49,314</u>	<u>\$ 32,389</u>	<u>\$ -</u>	<u>\$ 81,703</u>
<b>Business-Type Activities</b>				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 5,298	\$ -	\$ -	\$ 5,298
Less Accumulated Depreciation for:				
Computers and Equipment	<u>(2,208)</u>	<u>(1,060)</u>	<u>-</u>	<u>(3,268)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 3,090</u>	<u>\$ (1,060)</u>	<u>\$ -</u>	<u>\$ 2,030</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2010, of \$20,855 and \$1,060 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

BOONE/WINNEBAGO COUNTIES  
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NOTE 9 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2010, consist of the following individual due to/from other funds in the governmental fund balance sheet. These balances were eliminated in the government-wide Statement of Net Assets.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Education Fund</u>		
Preschool for All	\$ -	\$ 149
Workforce Investment Act	-	12,739
Truants Alternative	-	220,255
Regional Learning Center - General State Aid	553,008	-
Regional Safe School	-	223,605
Principal Mentoring	-	5,343
Teachers & Administrators Mentoring	-	11,992
Regional Attendance Cooperative	-	31,327
Title III - Professional Development	-	2,001
Agriculture Education	8,147	-
Career & Technical Education Improvement	-	31,100
Career & Technical Education - Perkins IV	22,953	-
Technology for Success	-	45,597
Totals	<u>\$ 584,108</u>	<u>\$ 584,108</u>

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 20, 2011, the date which the financial statements were available to be issued.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

NOTE 11 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #4:

Regional Superintendent Salary	\$ 100,762
Assistant Regional Superintendent Salary	90,686
Regional Superintendent Benefits (Includes State-paid insurance)	18,574
Assistant Regional Superintendent Benefits (Includes State paid insurance)	15,325
TRS Pension Contribution	451,418
Teachers' Health Insurance System Contribution	<u>16,332</u>
 Total	 <u>\$ 693,097</u>

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

These amounts have been recorded in the accompanying financial statements as state revenues and expenditures.

Boone and Winnebago Counties provide the Regional Office with staff and pay certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #4's behalf for the year ended June 30, 2010, were as follows:

Boone County	
Administrative support	\$ 87,255
IMRF/FICA	7,412
Workers' Compensation	<u>1,178</u>
Total Boone County	<u>95,845</u>
Winnebago County	
Salaries & benefits	278,121
Purchased services & supplies	<u>141,742</u>
Total Winnebago County	<u>419,863</u>
 Total Local On-Behalf Payments	 <u>\$ 515,708</u>

These amounts have been recorded in the accompanying financial statements as local revenue and expenditures.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Because some revenues from the State of Illinois 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. The deferral of the revenues caused deficit fund balances as of June 30, 2010, in the following funds:

<u>Fund</u>	<u>Amount</u>
Education Fund	
Preschool for All	\$ 13,316
Workforce Investment Act	1,138
Truants Alternative	93,130
Regional Safe Schools	134,163
Teachers & Administrators Mentoring	1,992
Regional Attendance Cooperative	31,327
Title III - Professional Development	2,001
Career & Technical Education Improvement	31,100
Technology for Success	3,397

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #4’s General Fund, Education Fund, Proprietary Fund, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 1,288
Illinois State Board of Education	43,414
<u>Education Fund</u>	
Local Governments	21,652
Illinois State Board of Education	574,000
United States Department of Labor	11,601
<u>Proprietary Fund</u>	
Local Governments	24,039
Total	<u>\$ 675,994</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due to Other Governments:

Education Fund

Federal Government	\$ 1,304
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Agency Funds

Local Governments	24,309
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Total	<u>\$ 25,613</u>
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NOTE 14 – RECLASSIFICATION

In prior years the Agriculture Education, Career & Technical Education Improvement, and Career & Technical Education – Perkins IV funds were reported in the Agency Funds. These funds account for programs offered through the Career Education Association North Central Illinois (CEANCI) Joint Agreement. CEANCI was determined to be part of the Regional Office of Education #4’s reporting entity using the criteria described in Note 1B, “Scope of the Reporting Entity.” These programs have therefore been reclassified in the Education Fund in fiscal year 2010. This reclassification has no effect on the opening balances reported in the basic financial statements.

NOTE 15 – DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Regional Office of Education #4 did not recognize and disclose a liability for post-employment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in their financial statements. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

The Regional Office has continued to account for post-employment benefits other than pensions on a pay-as-you-go basis, and these financial statements therefore exclude a liability for benefits employees have currently earned that will be paid at retirement.

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
JUNE 30, 2010

Regional Office of Education #4

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
12/31/09	\$1,101,713	\$ 1,531,016	\$ 429,303	71.96%	\$ 426,628	100.63%
12/31/08	1,052,975	1,446,654	393,679	72.79%	426,240	92.36%
12/31/07	1,365,967	1,343,010	(22,957)	101.71%	401,359	0.00%

Or a market value basis, the actuarial value of assets as of December 31, 2009, is \$1,058,697.

Or a market basis, the funded ratio would be 69.15%.

Career Education Association North Central Illinois

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
12/31/09	\$ 89,451	\$ 90,623	\$ 1,172	98.71%	\$ 55,658	2.11%
12/31/08	109,100	120,089	10,989	90.85%	62,602	17.55%
12/31/07	106,649	104,554	(2,095)	102.00%	52,292	0.00%

Or a market value basis, the actuarial value of assets as of December 31, 2009, is \$85,943.

Or a market basis, the funded ratio would be 94.84%.

OTHER SUPPLEMENTARY INFORMATION



BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2010

	General Operations	ROE/ISC Operations	TOTALS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 296,135	\$ 81,435	\$ 377,570
Due from other governments			
Local	1,288	-	1,288
State	-	43,414	43,414
<b>TOTAL ASSETS</b>	<b>\$ 297,423</b>	<b>\$ 124,849</b>	<b>\$ 422,272</b>
<b>FUND BALANCE</b>			
Unreserved	\$ 297,423	\$ 124,849	\$ 422,272
<b>TOTAL FUND BALANCE</b>	<b>\$ 297,423</b>	<b>\$ 124,849</b>	<b>\$ 422,272</b>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Operations	ROE/ISC Operations	TOTALS
<b>REVENUES</b>			
Local sources	\$ 117,413	\$ -	\$ 117,413
On-behalf payments - Local	515,708	-	515,708
State sources	-	213,414	213,414
On-behalf payments - State	693,097	-	693,097
Total Revenues	<u>1,326,218</u>	<u>213,414</u>	<u>1,539,632</u>
<b>EXPENDITURES</b>			
Salaries and benefits	-	198,593	198,593
Purchased services	92,434	18,797	111,231
Supplies and materials	4,887	-	4,887
Other objects	62	-	62
On-behalf expenditures - Local	515,708	-	515,708
On-behalf expenditures - State	693,097	-	693,097
Total Expenditures	<u>1,306,188</u>	<u>217,390</u>	<u>1,523,578</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>20,030</u>	<u>(3,976)</u>	<u>16,054</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interest income	168	3,976	4,144
Total Other Financing Sources (Uses)	<u>168</u>	<u>3,976</u>	<u>4,144</u>
<b>NET CHANGE IN FUND BALANCE</b>	20,198	-	20,198
<b>FUND BALANCE - BEGINNING</b>	<u>277,225</u>	<u>124,849</u>	<u>402,074</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 297,423</u>	<u>\$ 124,849</u>	<u>\$ 422,272</u>

See accompanying Independent Auditor's Report.

**BOONE/WINNEBAGO COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #4**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2009, to June 30, 2010)  
**GENERAL FUND ACCOUNT**  
**ROE/ISC OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
State	\$ 250,556	\$ 292,990	\$ 213,414
Total Revenue	<u>250,556</u>	<u>292,990</u>	<u>213,414</u>
<b>EXPENDITURES</b>			
Salaries and benefits	204,828	216,994	198,593
Purchased services	35,583	52,572	18,797
Supplies and materials	8,395	9,174	-
Other objects	1,250	1,250	-
Capital outlay	500	13,000	-
Total Expenditures	<u>250,556</u>	<u>292,990</u>	<u>217,390</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(3,976)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interest income	-	-	3,976
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,976</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>124,849</u>
<b>FUND BALANCE - ENDING</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,849</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	Regional Alternative School - General State Aid	Regional Alternative School - ARRA General State Aid	Preschool for All	Workforce Investment Act	Truants Alternative
<b>ASSETS</b>					
Cash and cash equivalents	\$ 764,318	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
Due from other governments:					
Local	-	-	-	-	-
State	-	-	40,538	-	211,018
Federal	-	-	-	11,601	-
<b>TOTAL ASSETS</b>	<b>\$ 764,318</b>	<b>\$ -</b>	<b>\$ 40,538</b>	<b>\$ 11,601</b>	<b>\$ 211,018</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ 40,687	\$ 12,739	\$ 220,255
Due to other governments:					
Federal	-	-	-	-	-
Deferred revenue	-	-	13,167	-	83,893
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>53,854</b>	<b>12,739</b>	<b>304,148</b>
<b>FUND BALANCE (DEFICIT)</b>					
Unreserved (deficit)	764,318	-	(13,316)	(1,138)	(93,130)
<b>Total Fund Balance (Deficit)</b>	<b>764,318</b>	<b>-</b>	<b>(13,316)</b>	<b>(1,138)</b>	<b>(93,130)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 764,318</b>	<b>\$ -</b>	<b>\$ 40,538</b>	<b>\$ 11,601</b>	<b>\$ 211,018</b>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	Regional Learning Center - General State Aid	Regional Learning Center - ARRA General State Aid	Regional Safe Schools	Standards Aligned Classroom	Title I - School Improvement & Accountability
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,491,465	\$ -	\$ -	\$ 43,739	\$ 36,035
Due from other funds	593,546	-	-	-	-
Due from other governments:					
Local	21,652	-	-	-	-
State	-	-	223,605	-	-
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,106,663</b>	<b>\$ -</b>	<b>\$ 223,605</b>	<b>\$ 43,739</b>	<b>\$ 36,035</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ 223,605	\$ -	\$ -
Due to other governments:					
Federal	-	-	-	-	-
Deferred revenue	-	-	134,163	-	36,035
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>357,768</b>	<b>-</b>	<b>36,035</b>
<b>FUND BALANCE (DEFICIT)</b>					
Unreserved (deficit)	2,106,663	-	(134,163)	43,739	-
<b>Total Fund Balance (Deficit)</b>	<b>2,106,663</b>	<b>-</b>	<b>(134,163)</b>	<b>43,739</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 2,106,663</b>	<b>\$ -</b>	<b>\$ 223,605</b>	<b>\$ 43,739</b>	<b>\$ 36,035</b>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	Principal Mentoring	Title II - Teacher Quality	Gifted Education	Teachers & Administrators Mentoring	Title I - Reading First Part B SEA	Regional Attendance Cooperative
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 7,278	\$ 237,721	\$ -	\$ 23,709	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments:						
Local	-	-	-	-	-	-
State	41,250	-	-	11,992	-	-
Federal	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 41,250</b>	<b>\$ 7,278</b>	<b>\$ 237,721</b>	<b>\$ 11,992</b>	<b>\$ 23,709</b>	<b>\$ -</b>
<b>LIABILITIES</b>						
Due to other funds	\$ 5,343	\$ -	\$ -	\$ 11,992	\$ -	\$ 31,327
Due to other governments:						
Federal	-	-	-	-	-	-
Deferred revenue	30,000	7,278	237,721	1,992	23,709	-
<b>Total Liabilities</b>	<b>35,343</b>	<b>7,278</b>	<b>237,721</b>	<b>13,984</b>	<b>23,709</b>	<b>31,327</b>
<b>FUND BALANCE (DEFICIT)</b>						
Unreserved (deficit)	5,907	-	-	(1,992)	-	(31,327)
<b>Total Fund Balance (Deficit)</b>	<b>5,907</b>	<b>-</b>	<b>-</b>	<b>(1,992)</b>	<b>-</b>	<b>(31,327)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 41,250</b>	<b>\$ 7,278</b>	<b>\$ 237,721</b>	<b>\$ 11,992</b>	<b>\$ 23,709</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	Title III - Professional Development	Agriculture Education	Career & Technical Education Improvement	Career & Technical Education - Perkins IV	Technology for Success	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 873,496	\$ -	\$ 3,477,761
Due from other funds	-	8,147	-	22,953	-	624,646
Due from other governments:						
Local	-	-	-	-	-	21,652
State	-	-	-	-	45,597	574,000
Federal	-	-	-	-	-	11,601
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 8,147</b>	<b>\$ -</b>	<b>\$ 896,449</b>	<b>\$ 45,597</b>	<b>\$ 4,709,660</b>
<b>LIABILITIES</b>						
Due to other funds	\$ 2,001	\$ -	\$ 31,100	\$ -	\$ 45,597	\$ 624,646
Due to other governments:						
Federal	-	-	-	1,304	-	1,304
Deferred revenue	-	8,147	-	895,145	3,397	1,474,647
<b>Total Liabilities</b>	<b>2,001</b>	<b>8,147</b>	<b>31,100</b>	<b>896,449</b>	<b>48,994</b>	<b>2,100,597</b>
<b>FUND BALANCE (DEFICIT)</b>						
Unreserved (deficit)	(2,001)	-	(31,100)	-	(3,397)	2,609,063
<b>Total Fund Balance (Deficit)</b>	<b>(2,001)</b>	<b>-</b>	<b>(31,100)</b>	<b>-</b>	<b>(3,397)</b>	<b>2,609,063</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 8,147</b>	<b>\$ -</b>	<b>\$ 896,449</b>	<b>\$ 45,597</b>	<b>\$ 4,709,660</b>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	Regional Alternative School - General State Aid	Regional Alternative School - ARRA General State Aid	Preschool for All	Workforce Investment Act	Truants Alternative
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	530,584	-	38,925	-	239,866
Federal sources	-	117,908	-	45,819	-
<b>Total Revenues</b>	<b>530,584</b>	<b>117,908</b>	<b>38,925</b>	<b>45,819</b>	<b>239,866</b>
<b>EXPENDITURES</b>					
Salaries and benefits	327,730	117,144	-	34,411	340,703
Purchased services	22,755	760	41,649	10,606	40,007
Supplies and materials	9,434	4	150	953	4,831
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
<b>Total Expenditures</b>	<b>359,919</b>	<b>117,908</b>	<b>41,799</b>	<b>45,970</b>	<b>385,541</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>170,665</b>	<b>-</b>	<b>(2,874)</b>	<b>(151)</b>	<b>(145,675)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Interest income	927	-	-	-	5,023
<b>Total Other Financing Sources (Uses)</b>	<b>927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,023</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>171,592</b>	<b>-</b>	<b>(2,874)</b>	<b>(151)</b>	<b>(140,652)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<b>592,726</b>	<b>-</b>	<b>(10,442)</b>	<b>(987)</b>	<b>47,522</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ 764,318</b>	<b>\$ -</b>	<b>\$ (13,316)</b>	<b>\$ (1,138)</b>	<b>\$ (93,130)</b>

See accompanying Independent Auditor's Report.



BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	Regional Learning Center - General State Aid	Regional Learning Center - ARRA General State Aid	Regional Safe Schools	Standards Aligned Classroom	Title I - School Improvement & Accountability
<b>REVENUES</b>					
Local sources	\$ 227,208	\$ -	\$ -	\$ 36,250	\$ -
State sources	480,814	-	313,049	-	-
Federal sources	20,021	106,515	-	-	1,705,969
Total Revenues	<u>728,043</u>	<u>106,515</u>	<u>313,049</u>	<u>36,250</u>	<u>1,705,969</u>
<b>EXPENDITURES</b>					
Salaries and benefits	586,490	102,505	434,688	-	236,307
Purchased services	122,859	4,010	9,133	17,275	526,917
Supplies and materials	46,473	-	3,391	2,715	41,944
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	193,626	-	-	-	900,801
Total Expenditures	<u>949,448</u>	<u>106,515</u>	<u>447,212</u>	<u>19,990</u>	<u>1,705,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(221,405)</u>	<u>-</u>	<u>(134,163)</u>	<u>16,260</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Interest income	4,020	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(217,385)</u>	<u>-</u>	<u>(134,163)</u>	<u>16,260</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>2,324,048</u>	<u>-</u>	<u>-</u>	<u>27,479</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ 2,106,663</u>	<u>\$ -</u>	<u>\$ (134,163)</u>	<u>\$ 43,739</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Principal Mentoring	Title II - Teacher Quality	Gifted Education	Teachers & Administrators Mentoring	Title I - Reading First Part B SEA	Regional Attendance Cooperative
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,263
State sources	53,750	-	134,579	62,611	-	-
Federal sources	-	243,259	-	-	27,456	-
<b>Total Revenues</b>	<b>53,750</b>	<b>243,259</b>	<b>134,579</b>	<b>62,611</b>	<b>27,456</b>	<b>170,263</b>
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	21,655	31,624	2,786	6,557
Purchased services	37,653	-	55,831	12,064	17,167	12,798
Supplies and materials	-	2,598	42,593	2,237	7,503	16,815
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	240,698	14,500	18,678	-	176,754
<b>Total Expenditures</b>	<b>37,653</b>	<b>243,296</b>	<b>134,579</b>	<b>64,603</b>	<b>27,456</b>	<b>212,924</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>16,097</b>	<b>(37)</b>	<b>-</b>	<b>(1,992)</b>	<b>-</b>	<b>(42,661)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Interest income	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>16,097</b>	<b>(37)</b>	<b>-</b>	<b>(1,992)</b>	<b>-</b>	<b>(42,661)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<b>(10,190)</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,334</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ 5,907</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,992)</b>	<b>\$ -</b>	<b>\$ (31,327)</b>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	Title III - Professional Development	Agriculture Education	Career & Technical Education Improvement	Career & Technical Education - Perkins IV	Technology for Success	Totals
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,721
State sources	-	10,165	547,997	-	152,983	2,565,323
Federal sources	4,000	-	-	769,313	-	3,040,260
Total Revenues	<u>4,000</u>	<u>10,165</u>	<u>547,997</u>	<u>769,313</u>	<u>152,983</u>	<u>6,039,304</u>
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	167,743	78,831	128,435	2,617,609
Purchased services	2,451	-	53,536	29,496	15,999	1,032,966
Supplies and materials	3,550	-	35,082	600,252	6,331	826,856
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	53,244	-	53,244
Payments to other governments	-	10,165	322,736	7,590	5,615	1,891,163
Total Expenditures	<u>6,001</u>	<u>10,165</u>	<u>579,097</u>	<u>769,413</u>	<u>156,380</u>	<u>6,421,838</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,001)</u>	<u>-</u>	<u>(31,100)</u>	<u>(100)</u>	<u>(3,397)</u>	<u>(382,534)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Interest income	-	-	-	100	-	10,070
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>10,070</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,001)</u>	<u>-</u>	<u>(31,100)</u>	<u>-</u>	<u>(3,397)</u>	<u>(372,464)</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,981,527</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ (2,001)</u>	<u>\$ -</u>	<u>\$ (31,100)</u>	<u>\$ -</u>	<u>\$ (3,397)</u>	<u>\$ 2,609,063</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2009, to June 30, 2010)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 423,756	\$ 423,756	\$ 239,866
Total Revenue	<u>423,756</u>	<u>423,756</u>	<u>239,866</u>
EXPENDITURES			
Salaries and benefits	333,602	333,602	340,703
Purchased services	82,451	82,451	40,007
Supplies and materials	7,703	7,703	4,831
Total Expenditures	<u>423,756</u>	<u>423,756</u>	<u>385,541</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(145,675)</u>
OTHER FINANCING SOURCES (USES):			
Interest income	-	-	5,023
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,023</u>
NET CHANGE IN FUND BALANCE	-	-	(140,652)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>47,522</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (93,130)</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to June 30, 2010)  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 447,212	\$ 447,212	\$ 313,049
Total Revenue	<u>447,212</u>	<u>447,212</u>	<u>313,049</u>
EXPENDITURES			
Salaries and benefits	434,347	434,347	434,688
Purchased services	9,000	9,000	9,133
Supplies and materials	3,865	3,865	3,391
Total Expenditures	<u>447,212</u>	<u>447,212</u>	<u>447,212</u>
NET CHANGE IN FUND BALANCE	-	-	(134,163)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (134,163)</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2009, to June 30, 2010)  
EDUCATION FUND ACCOUNT  
TITLE I - SCHOOL IMPROVEMENT & ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 1,763,013	\$ 1,763,013	\$ 1,705,969
Total Revenue	<u>1,763,013</u>	<u>1,763,013</u>	<u>1,705,969</u>
EXPENDITURES			
Salaries and benefits	384,806	253,806	236,307
Purchased services	496,625	571,450	526,917
Supplies and materials	51,742	35,242	41,944
Capital outlay	4,500	4,500	-
Payments to other governments	825,340	898,015	900,801
Total Expenditures	<u>1,763,013</u>	<u>1,763,013</u>	<u>1,705,969</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER QUALITY  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 250,537	\$ 250,537	\$ 243,259
Total Revenue	<u>250,537</u>	<u>250,537</u>	<u>243,259</u>
EXPENDITURES			
Purchased services	20,000	20,000	-
Supplies and materials	2,537	2,537	2,598
Payments to other governments	228,000	228,000	240,698
Total Expenditures	<u>250,537</u>	<u>250,537</u>	<u>243,296</u>
NET CHANGE IN FUND BALANCE	-	-	(37)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>37</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 GIFTED EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 154,421	\$ 154,421	\$ 134,579
Total Revenue	<u>154,421</u>	<u>154,421</u>	<u>134,579</u>
EXPENDITURES			
Salaries and benefits	21,597	20,676	21,655
Purchased services	22,052	40,848	55,831
Supplies and materials	50,772	36,397	42,593
Payments to other governments	60,000	56,500	14,500
Total Expenditures	<u>154,421</u>	<u>154,421</u>	<u>134,579</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.



BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2008, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 TEACHERS & ADMINISTRATORS MENTORING  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 105,696	\$ 105,696	\$ 62,611
Total Revenue	<u>105,696</u>	<u>105,696</u>	<u>62,611</u>
EXPENDITURES			
Salaries and benefits	31,981	31,981	31,624
Purchased services	22,315	22,315	12,064
Supplies and materials	4,350	4,350	2,237
Payments to other governments	47,050	47,050	18,678
Total Expenditures	<u>105,696</u>	<u>105,696</u>	<u>64,603</u>
NET CHANGE IN FUND BALANCE	-	-	(1,992)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,992)</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 TITLE I - READING FIRST PART B SEA  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 71,165	\$ 71,165	\$ 27,456
Total Revenue	<u>71,165</u>	<u>71,165</u>	<u>27,456</u>
EXPENDITURES			
Salaries and benefits	2,873	2,873	2,786
Purchased services	52,811	52,811	17,167
Supplies and materials	14,131	14,131	7,503
Payments to other governments	1,350	1,350	-
Total Expenditures	<u>71,165</u>	<u>71,165</u>	<u>27,456</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to June 30, 2010)  
 EDUCATION FUND ACCOUNT  
 TITLE III - PROFESSIONAL DEVELOPMENT  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 6,000	\$ 6,000	\$ 4,000
Total Revenue	<u>6,000</u>	<u>6,000</u>	<u>4,000</u>
EXPENDITURES			
Purchased services	2,500	2,500	2,451
Supplies and materials	3,500	3,500	3,550
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>6,001</u>
NET CHANGE IN FUND BALANCE	-	-	(2,001)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,001)</u></u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 AGRICULTURE EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 18,312	\$ 18,312	\$ 10,165
Total Revenue	<u>18,312</u>	<u>18,312</u>	<u>10,165</u>
EXPENDITURES			
Payments to other governments	<u>18,312</u>	<u>18,312</u>	<u>10,165</u>
Total Expenditures	<u>18,312</u>	<u>18,312</u>	<u>10,165</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 CAREER & TECHNICAL EDUCATION IMPROVEMENT (CTEI)  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State	\$ 687,171	\$ 687,171	\$ 547,997
Total Revenue	<u>687,171</u>	<u>687,171</u>	<u>547,997</u>
<b>EXPENDITURES</b>			
Salaries and benefits	148,034	160,802	167,743
Purchased services	76,693	53,536	53,536
Supplies and materials	79,708	55,211	35,082
Capital outlay	60,000	94,886	-
Payments to other governments	322,736	322,736	322,736
Total Expenditures	<u>687,171</u>	<u>687,171</u>	<u>579,097</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (31,100)
 FUND BALANCE (DEFICIT) - BEGINNING	 -	 -	 -
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (31,100)</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 CAREER & TECHNICAL EDUCATION - PERKINS IV  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 783,668	\$ 783,668	\$ 769,313
Total Revenue	<u>783,668</u>	<u>783,668</u>	<u>769,313</u>
EXPENDITURES			
Salaries and benefits	113,245	78,831	78,831
Purchased services	26,438	19,852	29,496
Supplies and materials	145,485	292,388	600,252
Capital outlay	497,500	390,797	53,244
Payments to other governments	1,000	1,800	7,590
Total Expenditures	<u>783,668</u>	<u>783,668</u>	<u>769,413</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(100)</u>
OTHER FINANCING SOURCES (USES):			
Interest income	-	-	100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>100</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009, to June 30, 2010)  
 EDUCATION FUND ACCOUNT  
 TECHNOLOGY FOR SUCCESS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 129,583	\$ 172,583	\$ 152,983
Total Revenue	<u>129,583</u>	<u>172,583</u>	<u>152,983</u>
EXPENDITURES			
Salaries and benefits	128,046	134,203	128,435
Purchased services	1,537	18,509	15,999
Supplies and materials	-	7,356	6,331
Capital outlay	-	6,900	-
Payments to other governments	-	5,615	5,615
Total Expenditures	<u>129,583</u>	<u>172,583</u>	<u>156,380</u>
NET CHANGE IN FUND BALANCE	-	-	(3,397)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,397)</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Educational Service Center No. 1</u>	<u>Institute</u>	<u>TOTALS</u>
ASSETS						
Cash and cash equivalents	\$ 160,561	\$ 26,340	\$ 2,055	\$ 139,199	\$ 91,294	\$ 419,449
TOTAL ASSETS	<u>\$ 160,561</u>	<u>\$ 26,340</u>	<u>\$ 2,055</u>	<u>\$ 139,199</u>	<u>\$ 91,294</u>	<u>\$ 419,449</u>
FUND BALANCE						
Unreserved	\$ 160,561	\$ 26,340	\$ 2,055	\$ 139,199	\$ 91,294	\$ 419,449
TOTAL FUND BALANCE	<u>\$ 160,561</u>	<u>\$ 26,340</u>	<u>\$ 2,055</u>	<u>\$ 139,199</u>	<u>\$ 91,294</u>	<u>\$ 419,449</u>

See accompanying Independent Auditor's Report.



DOONE/WIRNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Education Development	Bus Driver Training	Supervisory	Educational Service Center No. 1	Institute	TOTALS
REVENUES						
Local sources	\$ 131,233	\$ 22,536	\$ -	\$ -	\$ 59,150	\$ 212,919
State sources	-	2,036	2,150	-	-	4,186
Total Revenues	<u>131,233</u>	<u>24,572</u>	<u>2,150</u>	<u>-</u>	<u>59,150</u>	<u>217,105</u>
EXPENDITURES						
Salaries and benefits	25,853	-	-	-	-	25,853
Purchased services	28,878	3,988	1,955	-	142,517	177,338
Supplies and materials	1,455	2,462	-	-	2,036	5,953
Other objects	635	-	-	-	30	665
Total Expenditures	<u>56,821</u>	<u>6,450</u>	<u>1,955</u>	<u>-</u>	<u>144,583</u>	<u>209,809</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>74,412</u>	<u>18,122</u>	<u>195</u>	<u>-</u>	<u>(85,433)</u>	<u>7,296</u>
OTHER FINANCING SOURCES (USES)						
Interest income	193	56	3	257	237	746
Total Other Financing Sources (Uses)	<u>193</u>	<u>56</u>	<u>3</u>	<u>257</u>	<u>237</u>	<u>746</u>
NET CHANGE IN FUND BALANCE	74,605	18,178	198	257	(85,196)	8,042
FUND BALANCE - BEGINNING	<u>85,956</u>	<u>8,162</u>	<u>1,857</u>	<u>138,942</u>	<u>176,490</u>	<u>411,407</u>
FUND BALANCE - ENDING	<u>\$ 160,561</u>	<u>\$ 26,340</u>	<u>\$ 2,055</u>	<u>\$ 139,199</u>	<u>\$ 91,294</u>	<u>\$ 419,449</u>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 ALL AGENCY FUNDS  
 JUNE 30, 2010

	Audiovisual Co-op	Payroll	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,309	\$ 46,555	\$ 70,864
<b>TOTAL ASSETS</b>	<b>\$ 24,309</b>	<b>\$ 46,555</b>	<b>\$ 70,864</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 46,555	\$ 46,555
Due to other governments	24,309	-	24,309
<b>TOTAL LIABILITIES</b>	<b>\$ 24,309</b>	<b>\$ 46,555</b>	<b>\$ 70,864</b>

See accompanying Independent Auditor's Report.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>AUDIOVISUAL CO-OP</u>				
ASSETS				
Cash and cash equivalents	\$ 19,044	\$ 7,767	\$ 2,502	\$ 24,309
Total Assets	<u>\$ 19,044</u>	<u>\$ 7,767</u>	<u>\$ 2,502</u>	<u>\$ 24,309</u>
LIABILITIES				
Due to other governments	\$ 19,044	\$ 7,767	\$ 2,502	\$ 24,309
Total Liabilities	<u>\$ 19,044</u>	<u>\$ 7,767</u>	<u>\$ 2,502</u>	<u>\$ 24,309</u>
<u>PAYROLL</u>				
ASSETS				
Cash and cash equivalents	\$ 136,581	\$ 3,153,744	\$ 3,243,770	\$ 46,555
Total Assets	<u>\$ 136,581</u>	<u>\$ 3,153,744</u>	<u>\$ 3,243,770</u>	<u>\$ 46,555</u>
LIABILITIES				
Accounts payable	\$ 136,581	\$ 3,153,744	\$ 3,243,770	\$ 46,555
Total Liabilities	<u>\$ 136,581</u>	<u>\$ 3,153,744</u>	<u>\$ 3,243,770</u>	<u>\$ 46,555</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 155,625	\$ 3,161,511	\$ 3,246,272	\$ 70,864
Total Assets	<u>\$ 155,625</u>	<u>\$ 3,161,511</u>	<u>\$ 3,246,272</u>	<u>\$ 70,864</u>
LIABILITIES				
Accounts payable	\$ 136,581	\$ 3,153,744	\$ 3,243,770	\$ 46,555
Due to other governments	19,044	7,767	2,502	24,309
Total Liabilities	<u>\$ 155,625</u>	<u>\$ 3,161,511</u>	<u>\$ 3,246,272</u>	<u>\$ 70,864</u>

See accompanying Independent Auditor's Report.

**FEDERAL COMPLIANCE SECTION**

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Pass-Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/09-6/30/10</u>
<b>US Department of Education passed through Illinois State Board of Education</b>			
Reading First State Grants			
Title I - Reading First Part B SEA	84.357A	10-4337-00	\$ 27,456
Title I Grants to Local Educational Agencies -			
Title I - School Improvement and Accountability	84.010A	10-4331-SS	1,705,969
Improving Teacher Quality State Grants -			
Title II - Teacher Quality	84.367A	10-4935-SS	243,259
English Language Acquisition Grants -			
Title III - Professional Development	84.365A	10-4999-PD	4,000
Career and Technical Education - Basic Grants to States (Perkins IV)			
Career & Technical Education - Perkins IV	84.048A	10-4745-00	769,313 (M)
<b>State Fiscal Stabilization Fund - Recovery Act Cluster</b>			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act			
ARRA - General State Aid - Education SFSF	84.394A	10-4850-92	38,007
ARRA - General State Aid - Education SFSF	84.394A	10-4850-93	41,879
ARRA - General State Aid - Education SFSF	84.394A	10-4850-95	88,431
Total ARRA - General State Aid - Education SFSF			<u>168,317</u>
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act			
ARRA - General State Aid - Government SFSF	84.397A	10-4870-92	12,669
ARRA - General State Aid - Government SFSF	84.397A	10-4870-93	13,960
ARRA - General State Aid - Government SFSF	84.397A	10-4870-95	29,477
Total ARRA - General State Aid - Government SFSF			<u>56,106</u>
Total State Fiscal Stabilization Fund - Recovery Act Cluster			<u>224,423</u>
<b>Total US Department of Education passed through Illinois State Board of Education</b>			<u>2,974,420</u>
<b>US Department of Agriculture passed through Illinois State Board of Education</b>			
National School Lunch Program	10.555	10-4210-00	12,356
School Breakfast Program	10.553	10-4220-00	<u>7,665</u>
<b>Total US Department of Agriculture passed through Illinois State Board of Education</b>			<u>20,021</u>

The accompanying notes are an integral part of this schedule.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Pass-Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/09-6/30/10</u>
US Department of Labor passed through Rock River Training Corporation Workforce Investment Act (WIA) Youth Activities	17.259	2009	<u>45,819</u>
<b>Total US Department of Labor passed through Rock River Training Corporation</b>			<u>45,819</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,040,260</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Boone/Winnebago Counties Regional Office of Education #4 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #4 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I – School Improvement & Accountability	84.010A	\$ 900,801
Title II – Teacher Quality	84.367A	240,698
Career & Technical Education – Perkins IV	84.048A	7,590

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Career & Technical Education – Perkins IV—This program supports career, vocational, and technical education services offered through the Career Education Association North Central Illinois (CEANCI) Joint Agreement.

NOTE 4 – NON-CASH ASSISTANCE

None

NOTE 5 – AMOUNT OF INSURANCE

None

NOTE 6 – LOANS OR GUARANTEES OUTSTANDING

None