

**STATE OF ILLINOIS
CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 9**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2011**

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9

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**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Jane E. Quinlan

Assistant Regional Superintendent
(July 1, 2011 to present)

Vacant

Assistant Regional Superintendent
(during the audit period)

Ms. Barbara A. Daly

Office is located at:

200 South Fredrick Street
Rantoul, Illinois 61866-2433

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
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.

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

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

11-1	12	Controls Over Financial Statement Preparation	Significant Deficiency
11-2	14	Failure to Apply Appropriate Accounting Principles	Significant Deficiency

FINDINGS AND QUESTIONED COSTS (*FEDERAL COMPLIANCE*)

16		None	N/A
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PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

10-2	19	Controls Over Property Records	N/A
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PRIOR FINDINGS NOT REPEATED (*FEDERAL COMPLIANCE*)

		None	N/A
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**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
COMPLIANCE REPORT SUMMARY (CONTINUED)**

EXIT CONFERENCE

The Champaign/Ford Counties Regional Office of Education No. 9 opted not to have an exit conference during the financial audit for the year ended June 30, 2011. Responses to the recommendations were provided by Dr. Jane E. Quinlan, Regional Superintendent, in a letter dated January 23, 2012.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Champaign/Ford Counties Regional Office of Education No. 9 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Champaign/Ford Counties Regional Office of Education No. 9, as of and for the year ended June 30, 2011, which collectively comprise the Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Champaign/Ford Counties Regional Office of Education No. 9's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Champaign/Ford Counties Regional Office of Education No. 9, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Champaign/Ford Counties Regional Office of Education No. 9 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Champaign/Ford Counties Regional Office of Education No. 9's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the

Champaign/Ford Counties Regional Office of Education No. 9's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2012 on our consideration of the Champaign/Ford Counties Regional Office of Education No. 9's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 20 through 27, the Illinois Municipal Retirement Fund Schedule of Funding Progress and the other postemployment benefits information on page 66 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 Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others 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, Schedule of Disbursements to School District Treasurers and Others, 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.

C. C. G. J. & Co. LLP
Chicago, Illinois
March 29, 2012



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Champaign/Ford Counties Regional Office of Education No. 9, as of and for the year ended June 30, 2011, which collectively comprise the Champaign/Ford Counties Regional Office of Education No. 9's basic financial statements and have issued our report thereon dated March 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Champaign/Ford Counties Regional Office of Education No. 9 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Champaign/Ford Counties Regional Office of Education No. 9'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 and not for the purpose of expressing an opinion on the effectiveness of the Champaign/Ford Counties Regional Office of Education No. 9's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Champaign/Ford Counties Regional Office of Education No. 9's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in findings 11-1 and 11-2 in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Champaign/Ford Counties Regional Office of Education No. 9'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*.

The Champaign/Ford Counties Regional Office of Education No. 9'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 Champaign/Ford Counties Regional Office of Education No. 9'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.

C. C. G. J. & Co. LLP
Chicago, Illinois
March 29, 2012



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited Champaign/Ford Counties Regional Office of Education No. 9'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 Champaign/Ford Counties Regional Office of Education No. 9's major federal programs for the year ended June 30, 2011. The Champaign/Ford Counties Regional Office of Education No. 9's major federal programs are identified in the Summary of the Auditors' 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 Champaign/Ford Counties Regional Office of Education No. 9's management. Our responsibility is to express an opinion on the Champaign/Ford Counties Regional Office of Education No. 9'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 Champaign/Ford Counties Regional Office of Education No. 9'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 Champaign/Ford Counties Regional Office of Education No. 9's compliance with those requirements.

In our opinion, the Champaign/Ford Counties Regional Office of Education No. 9 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, 2011.

Internal Control Over Compliance

The management of the Champaign/Ford Counties Regional Office of Education No. 9 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 Champaign/Ford Counties Regional Office of Education No. 9's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Champaign/Ford Counties Regional Office of Education No. 9's internal control over compliance.

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

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

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

C. A. G. & Co. LLP
Chicago, Illinois
March 29, 2012

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I - SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2011**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified? ✓ Yes None reported
- Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified? Yes ✓ None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? Yes ✓ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Title I, Part A Cluster:
84.389A	Title I, Grants to Local Educational Agencies, Recovery Act
84.010A	Title I, Grants to Local Educational Agencies, (Title I, Part A of the ESEA)
84.287C	Twenty-First Century Community Learning Centers

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

Auditee qualified as low-risk auditee? Yes ✓ No

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Partially Repeated from Finding Nos. 10-1, 09-1, 08-1, and 07-1)

Criteria/Specific Requirement:

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). ROE No. 9'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 they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

In addition, GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to net assets of governmental activities in the Statement of Net Assets, and (b) total change in governmental fund balances to the change in net assets of governmental activities in the Statement of Activities.

Condition:

The ROE No. 9 does not have sufficient internal controls over the financial reporting process. The ROE No. 9 maintains controls over the processing of most accounting transactions, and prepares the governmental fund financial statements.

In FY 2011, the ROE No. 9 was able to prepare the individual funds financial statements as well as the notes to the financial statements. However, the government-wide financial statements which include the Statement of Net Assets, Statement of Activities, Governmental Funds Balance Sheet, Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the required reconciliation of government-wide and fund financial statements were not prepared.

Effect:

The ROE No. 9 management or its 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.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Partially Repeated from Finding Nos. 10-1, 09-1, 08-1, and 07-1) (Continued)

Cause:

According to the ROE No. 9 management, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with the GASB requirements. In addition, the ROE No. 9 management accepts the degree of risk associated with these conditions.

Auditors' Recommendation:

As part of its internal control over the preparation of its financial statements, the ROE No. 9 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the ROE No. 9's activities and operations.

Management's Response:

Regional Office of Education No. 9 strives to maintain a system of controls over the preparation of financial statements in accordance with generally accepted account principles (GAAP). ROE No. 9 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The ROE has worked to alleviate this finding by consulting about accounting practices and preparation of GAAP-based financial statements with other ROE bookkeepers who have not received the finding and making changes to our procedures based on their recommendations. ROE No. 9 prepared the individual funds financial statements as well as the notes to the financial statements for the first time in 2011. As part of on-going efforts, ROE No. 9 will continue to strive to improve controls over financial statement preparation. Beginning in FY2012, ROE No. 9 will attempt to prepare the required reconciliation of government-wide and fund financial statements.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-2 - Failure to Apply Appropriate Accounting Principles

Criteria/Specific Requirement:

Generally accepted accounting principles (GAAP) require that a lease be capitalized if any one of following four criteria is a characteristic of the lease transaction: (1) the lease transfers ownership of the property to the lessee by the end of the lease term, (2) the lease contains bargain purchase options, (3) the lease term is equal to 75% or more of the estimated economic life of the leased property, or (4) the present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased property. Capital leases are treated as an acquisition of assets and the incurrence of obligations by the lessee.

Condition:

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) did not properly record certain lease transactions and capital asset acquisitions, and as a result, did not properly apply the appropriate generally accepted accounting principles. Payments on capital leases were accounted for as operating leases and recorded as purchased services. The leases met two of the criteria requiring them to be capitalized: the lease contained bargain purchase options, and the lease terms of the equipment were more than 75% of the estimated economic lives of the equipment. As of June 30, 2011, the total net book value of the leased equipment and the present value of the related lease payable were \$19,302 and \$19,660, respectively.

Auditors proposed adjusting entries to record the lease transactions in accordance with GAAP.

Effect:

Failure to use the applicable generally accepted accounting principles may result in inaccurate and incomplete financial statements.

Cause:

According to the ROE No. 9 management, the ROE generally does not keep the equipment items through the end of the lease term and, therefore, considered the recording of the lease transactions as operating expenses proper.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-2 - Failure to Apply Appropriate Accounting Principles (Continued)

Auditors' Recommendation:

We recommend the Champaign/Ford Counties ROE No. 9 establish procedures to ensure lease transactions and capital asset acquisitions are properly accounted for and reported in accordance with generally accepted accounting principles. If necessary, accounting and reporting guidance should be obtained from technical resources to be in conformity with GAAP.

Management's Response:

Regional Office of Education No. 9 recognizes that certain lease transactions were not properly recorded as capital asset acquisitions. ROE No. 9 will make adjusting entries to record the lease transactions in accordance with GAAP.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III - FEDERAL AWARD FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Instances of Noncompliance:

None

Significant Deficiencies:

None

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Partially Repeated from Finding Nos. 10-1, 09-1, 08-1, and 07-1)

Condition:

The ROE No. 9 does not have sufficient internal controls over the financial reporting process. The ROE No. 9 maintains controls over the processing of most accounting transactions, and prepares the governmental fund financial statements.

In FY 2011, the ROE No. 9 was able to prepare the individual funds financial statements as well as the notes to the financial statements. However, the government-wide financial statements which include the Statement of Net Assets, Statement of Activities, Governmental Funds Balance Sheet, Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the required reconciliation of government-wide and fund financial statements were not prepared.

Plan:

ROE No. 9 will continue to strive to improve controls over financial statement preparation. ROE No. 9 prepared the individual funds financial statements as well as the notes to the financial statements for the first time in 2011.

Anticipated Date of Completion:

June 30, 2012

Name of Contact Person:

Dr. Jane Quinlan, Regional Superintendent, Champaign/Ford Counties ROE No. 9

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

FINDING NO. 11-2 - Failure to Apply Appropriate Accounting Principles

Condition:

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) did not properly record certain lease transactions and capital asset acquisitions, and as a result, did not properly apply the appropriate generally accepted accounting principles. Payments on capital leases were accounted for as operating leases and recorded as purchased services. The leases met two of the criteria requiring them to be capitalized: the lease contained bargain purchase options, and the lease terms of the equipment were more than 75% of the estimated economic lives of the equipment. As of June 30, 2011, the total net book value of the leased equipment and the present value of the related lease payable were \$19,302 and \$19,660, respectively.

Auditors proposed adjusting entries to record the lease transactions in accordance with GAAP.

Plan:

ROE No. 9 will make adjusting entries to record the lease transaction in accordance with GAAP. In the future, ROE No. 9 will record lease transactions as a capital asset acquisition if it meets any of the four criteria established by GAAP.

Anticipated Date of Completion:

January 31, 2012

Name of Contact Person:

Dr. Jane Quinlan, Regional Superintendent, Champaign/Ford Counties ROE No. 9

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
10-1	Controls Over Financial Statement Preparation	Partially Repeated
10-2	Controls Over Property Records	Not Repeated

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the ROE No. 9's financial statements, which follow.

During fiscal year 2011, ROE No. 9 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 12 to the Financial Statements. Because of these reclassifications, the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

2011 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$1,408,071 (61%) from \$2,303,191 in FY 2010 to \$3,711,262 in FY 2011. General Fund expenditures increased by \$880,367 (36%) from \$2,413,817 in FY 2010 to \$3,294,184 in FY 2011.
- Within the Governmental Funds, the Special Revenue Funds revenues decreased by \$2,661,241 (50%) from \$5,311,288 in FY 2010 to \$2,650,047 in FY 2011. The Special Revenue Funds expenditures decreased by \$2,729,483 (53%) from \$5,180,419 in FY 2010 to \$2,450,936 in FY 2011.
- Proprietary Funds revenues increased by \$262,626 (211%) from \$124,518 in FY 2010 to \$387,144 in FY 2011. The Proprietary Funds expenditures increased by \$275,882 (208%) from \$132,557 in FY 2010 to \$408,439 in FY 2011.
- The ROE No. 9 has long term debt related to the other post employment retirement benefit obligations and capital lease obligations.

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 ROE No. 9's financial activities.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

- 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 ROE No. 9 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 9'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.

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE No. 9 as a whole using accounting methods similar to those used by private-sector companies. 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.

The two government-wide statements report the ROE No. 9's net assets and how they have changed. Net assets - the difference between the assets and liabilities - are one way to measure the ROE No. 9'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's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

In the government-wide financial statements, the ROE No. 9's activities are divided into two categories:

- Governmental activities - Most of the ROE No. 9's basic services are included here, such as local, State and federal grant-funded programs, support services, and administration.
- Business-type activities - The ROE No. 9 charges fees to help cover costs of certain services and workshops it provides.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Fund Financial Statements

The fund financial statements provide detailed information about the ROE No. 9's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending of particular programs. Some funds are required by State law. The ROE No. 9 establishes other funds to control and manage money for particular purposes.

The ROE No. 9 has three kinds of funds:

- 1) Governmental funds account for all of the ROE No. 9's services. These focus on how cash and other financial assets can be readily converted to cash flow in and out and the balance left at year-end that is 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 ROE No. 9's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, reconciliation between the governmental fund financial statements and the government-wide financial statements follows the related governmental fund financial statements. The ROE No. 9'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.
- 2) Proprietary funds account for resources from fees charged to entities, individuals or other funds that use its resources. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The ROE No. 9's proprietary funds include the enterprise fund presented as business-type activities in the government-wide financial statements, and the internal service fund which is included in the governmental activities in the government-wide financial statements. The required proprietary 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 ROE No. 9 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.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Government-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the ROE No. 9. The total net assets at the end of FY 2011 were \$3,041,937. The analysis that follows provides a summary of the ROE No. 9's net assets at June 30, 2011 and June 30, 2010, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current assets	\$ 3,244,247	\$ 2,915,039	\$ 660,827	\$ 506,262	\$ 3,905,074	\$ 3,421,301
Capital assets, net of Depreciation	<u>165,441</u>	<u>185,787</u>	<u>6,532</u>	<u>5,178</u>	<u>171,973</u>	<u>190,965</u>
TOTAL ASSETS	<u>3,409,688</u>	<u>3,100,826</u>	<u>667,359</u>	<u>511,440</u>	<u>4,077,047</u>	<u>3,612,266</u>
LIABILITIES						
Current liabilities	1,016,524	1,035,171	-	-	1,016,524	1,035,171
Noncurrent liabilities	<u>18,586</u>	<u>4,082</u>	<u>-</u>	<u>-</u>	<u>18,586</u>	<u>4,082</u>
TOTAL LIABILITIES	<u>1,035,110</u>	<u>1,039,253</u>	<u>-</u>	<u>-</u>	<u>1,035,110</u>	<u>1,039,253</u>
NET ASSETS						
Invested in capital assets, net of related debt	145,781	173,409	6,532	5,178	152,313	178,587
Restricted for educational Purposes	504,443	242,929	-	-	504,443	242,929
Unrestricted	<u>1,724,354</u>	<u>1,645,235</u>	<u>660,827</u>	<u>506,262</u>	<u>2,385,181</u>	<u>2,151,497</u>
TOTAL NET ASSETS	<u>\$ 2,374,578</u>	<u>\$ 2,061,573</u>	<u>\$ 667,359</u>	<u>\$ 511,440</u>	<u>\$ 3,041,937</u>	<u>\$ 2,573,013</u>

The ROE No. 9's net assets increased by \$468,924 (18%) from FY 2010 primarily due to the excess of revenues over expenses generated from governmental activities. Net assets invested in capital assets of \$152,313, representing 5% of total net assets reflects the ROE No. 9's investment in equipment and office furniture, net of obligations under capital leases. An additional portion of the ROE No. 9's net assets of \$504,443 (17%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for teacher professional development. The largest portion of the ROE No. 9's net assets of \$2,385,181 (78%) reflects the unrestricted net assets that may be used to meet the ROE No. 9's obligations to other entities, employees and creditors.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

STATEMENT OF ACTIVITIES

The following analysis shows the changes in net assets for governmental and business-type activities for the year ended June 30, 2011 and June 30, 2010.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 2,056,212	\$ 4,547,005	\$ -	\$ -	\$ 2,056,212	\$ 4,547,005
Charges for services	461,542	1,459,513	385,890	123,457	847,432	1,582,970
General revenues:						
Federal sources	180,809	-	-	-	180,809	-
State sources	852,617	-	-	-	852,617	-
Local sources	1,965,472	519,397	-	-	1,965,472	519,397
Interest income, net	3,290	13,669	1,254	1,061	4,544	14,730
On-behalf statements	712,364	1,263,824	-	-	712,364	1,263,824
Loss on disposal of assets	-	(423)	-	-	-	(423)
Total revenues	<u>6,232,306</u>	<u>7,802,985</u>	<u>387,144</u>	<u>124,518</u>	<u>6,619,450</u>	<u>7,927,503</u>
Expenses:						
Salaries and benefits	2,649,342	2,662,909	66,319	9,928	2,715,661	2,672,837
Purchased services	1,654,826	2,144,434	126,601	54,742	1,781,427	2,199,176
Supplies and materials	420,061	895,340	182,491	12,494	602,552	907,834
Capital expenditures	-	62,936	13,016	-	13,016	62,936
Depreciation	58,954	77,077	19,920	2,309	78,874	79,386
Payments to other governmental units	215,494	467,654	-	51,642	215,494	519,296
Miscellaneous	31,046	22,305	92	1,442	31,138	23,747
On-behalf payments	712,364	1,263,824	-	-	712,364	1,263,824
Total expenses	<u>5,742,087</u>	<u>7,596,479</u>	<u>408,439</u>	<u>132,557</u>	<u>6,150,526</u>	<u>7,729,036</u>
Change in net assets	490,219	206,506	(21,295)	(8,039)	468,924	198,467
Net assets, beginning (as restated)	<u>1,884,359</u>	<u>1,855,067</u>	<u>688,654</u>	<u>519,479</u>	<u>2,573,013</u>	<u>2,374,546</u>
Net assets, ending	<u>\$ 2,374,578</u>	<u>\$ 2,061,573</u>	<u>\$ 667,359</u>	<u>\$ 511,440</u>	<u>\$ 3,041,937</u>	<u>\$ 2,573,013</u>

During FY 2011, the governmental funds had excess of revenues over expenditures of \$490,219. The excess revenues resulted primarily from the increase in State aid during the year. The ROE No. 9 was able to maintain the related expenses for most of its programs at previous year's level, resulting in a favorable excess of revenues over expenditures.

Total revenues of \$6.2 million consisted primarily of State and federal grants totaling \$3.2 million, and local revenues from tuition, fees and flow-through money totaling \$2.4 million. Governmental revenues posted a net decrease of \$1.6 million (20%) from previous year, primarily due to the decrease in operating grants and on-behalf payments.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Total expenses posted a decrease of \$1.9 million (24%) compared to previous year. The decrease was mainly due to reduced expenses for educational materials and equipment related to the Gifted Education program that was substantially completed in FY 2010.

Financial Analysis of the ROE No. 9 Funds

As previously noted, the ROE No. 9 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

The ROE No. 9 continues to offer technical assistance and professional development activities to teachers in all areas of curriculum. In FY 2011, at least 1,067 teachers have received direct professional development to improve their basic knowledge and/or their teaching pedagogy. The ROE No. 9 is responsible for professional development activities to maintain certification by our school administrators through the Administrator Academy. At least 167 administrators have received direct professional development in FY 2011. The ROE No. 9 also operates a middle school and high school through the Regional Safe School Program for students who have experienced serious difficulties in the public schools. This school served 233 students. The DCFS Education Advisor Online program served 20 families and 49 individual children were served with direct interventions. The Truancy Program had 103 referrals and served 124 students to ameliorate their truancy problems. The McKinney Education-Homeless Children Program served 394 students and families. In FY 2011, the ROE No. 9 served 3,099 teachers through the Certification Program that assists teachers in completing certification requirements and obtaining a certificate. The ROE No.9 also provided nine Bus Driver Trainings throughout the year issuing 53 Initial Bus Driver certificates and 336 Refresher Bus Driver Certificates. There are a variety of other regulatory programs that are statute based including the annual inspection of school buildings for health and safety and regular compliance monitoring of districts. A General Education Diploma is offered through the ROE No. 9's cooperative effort with Parkland College and the Lincoln's Challenge Program, which includes testing to meet high school equivalency. The ROE No. 9 administered 1,222 GED tests. Migrant Education program served 138 students, and 21st Century grant served 288 students. In addition, the ROE No. 9 has a variety of smaller programs that would be classified as consultative services working directly with the schools.

The ROE No. 9 assists educators, parents and other patrons on a daily basis as they call for information and/or with questions or problems related to education. During FY 2011, the ROE No. 9 responded to 11,827 phone calls and walk-ins with questions concerning bus service, grade problems, special education needs and requirements, residency concerns, and home school issues. The ROE No. 9 also offers guidance to parents, as well as serves as a liaison between parents and the schools.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Proprietary Fund Highlights

The business-type activities net assets decreased by \$21,295 during FY 2011. This includes net decrease in net assets of funds that were reclassified under the Proprietary Fund in FY 2011. The ROE No. 9 provided training and workshops to 17 public school districts and 24 non-public schools in the region. As part of its mission, the ROE No. 9 continued to provide workshop and training services to school districts even during economically challenging times. Many workshops and services were offered free-of-charge and below cost recovery in order to meet organizational objectives.

Budgetary Highlights

The ROE No. 9 annually adopts budgets for several funds. However, the annual budgets are not required to be legally adopted. All grant budgets are prepared by the ROE No. 9 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. A schedule showing the comparison of the ROE No. 9's actual financial activity to the budget is included in the supplementary information section of this report.

Capital Assets

Capital assets of the ROE No. 9 include office equipment, computers, servers, audiovisual equipment and office furniture. The ROE No. 9 maintains an inventory of capital assets that have been accumulated over time. In FY 2011, total additions amounted to \$59,882 and total retirements amounted to \$49,526. Depreciation expense for FY 2011 was \$78,874.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the ROE No. 9 was aware of several existing circumstances that could significantly impact its financial health in the future:

- The interest rate on investment remains low and will impact income.
- Grants have either been reduced or remained at previous levels.
- The State of Illinois is facing a financial crisis resulting in cuts to State programs and significant delays in payment.

The ROE No. 9 has tried to maintain the programs that have been previously offered to the school districts. In the future, these services may have to be reduced if the ROE No. 9 does not receive sufficient funding or if funding is not received in a timely manner. ROE No. 9's goal is to give the very best services to its schools and clients as possible.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Contacting the ROE No. 9's Financial Management

This report is designed to provide the Regional Office's citizens, taxpayers, customers, and creditors with a general overview of the Regional Office's finances and to demonstrate the ROE No. 9's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent's office at The Champaign/Ford Counties Regional Office of Education No. 9, 200 S. Fredrick, Rantoul, IL 61866.

BASIC FINANCIAL STATEMENTS

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,872,679	\$ 238,455	\$ 3,111,134
Due from (to) other funds	(405,153)	405,153	-
Due from other governmental agencies	776,721	17,219	793,940
Total current assets	<u>3,244,247</u>	<u>660,827</u>	<u>3,905,074</u>
Noncurrent assets			
Capital assets, net	165,441	6,532	171,973
TOTAL ASSETS	<u>3,409,688</u>	<u>667,359</u>	<u>4,077,047</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	346	-	346
Due to other governmental agencies	536,210	-	536,210
Deferred revenues	474,812	-	474,812
Lease payable	5,156	-	5,156
Total current liabilities	<u>1,016,524</u>	<u>-</u>	<u>1,016,524</u>
Noncurrent liabilities			
Lease payable	14,504	-	14,504
Net OPEB obligation	4,082	-	4,082
Total noncurrent liabilities	<u>18,586</u>	<u>-</u>	<u>18,586</u>
TOTAL LIABILITIES	<u>1,035,110</u>	<u>-</u>	<u>1,035,110</u>
NET ASSETS			
Invested in capital assets, net of related debt	145,781	6,532	152,313
Restricted for educational purposes	504,443	-	504,443
Unrestricted	1,724,354	660,827	2,385,181
TOTAL NET ASSETS	<u>\$ 2,374,578</u>	<u>\$ 667,359</u>	<u>\$ 3,041,937</u>

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

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		Total
				Governmental Activities	Business-Type Activities	
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 2,053,118	\$ 166,155	\$ 736,903	\$ (1,150,060)	\$ -	\$ (1,150,060)
Benefits	596,224	46,154	198,915	(351,155)	-	(351,155)
Purchased services	1,654,826	152,309	686,688	(815,829)	-	(815,829)
Supplies and materials	420,061	55,385	246,624	(118,052)	-	(118,052)
Depreciation expense	58,954	-	-	(58,954)	-	(58,954)
Miscellaneous	31,046	-	1,318	(29,728)	-	(29,728)
Payments to other governments	215,494	41,539	180,128	6,173	-	6,173
Capital expenditures	-	-	5,636	5,636	-	5,636
Administrative						
On-behalf payments	712,364	-	-	(712,364)	-	(712,364)
Total governmental activities	5,742,087	461,542	2,056,212	(3,224,333)	-	(3,224,333)
Business-type activities:						
Charges for services	408,439	385,890	-	-	(22,549)	(22,549)
Total business-type activities	408,439	385,890	-	-	(22,549)	(22,549)
Total primary government	\$ 6,150,526	\$ 847,432	\$ 2,056,212	(3,224,333)	(22,549)	(3,246,882)
General revenues:						
Federal sources				\$ 180,809	-	180,809
State sources				852,617	-	852,617
Local sources				1,965,472	-	1,965,472
Net interest income				3,290	1,254	4,544
On-behalf payments				712,364	-	712,364
Total general revenues				3,714,552	1,254	3,715,806
Change in net assets				490,219	(21,295)	468,924
Net assets - beginning (Restated, See Note 12)				1,884,359	688,654	2,573,013
Net assets - ending				\$ 2,374,578	\$ 667,359	\$ 3,041,937

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

EXHIBIT C

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,457,713	\$ 1,008,515	\$ 385,259	\$ 2,851,487
Due from other funds	65,623	15,911	-	81,534
Due from other governmental agencies	206,387	569,080	456	775,923
TOTAL ASSETS	1,729,723	1,593,506	385,715	3,708,944
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	285	61	-	346
Due to other funds	788	485,899	-	486,687
Due to other governmental agencies	-	536,210	-	536,210
Deferred revenues	22,204	510,488	-	532,692
Total liabilities	23,277	1,532,658	-	1,555,935
FUND BALANCES				
Restricted	-	60,848	385,715	446,563
Assigned	1,597,524	-	-	1,597,524
Unassigned	108,922	-	-	108,922
Total fund balances	1,706,446	60,848	385,715	2,153,009
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,729,723	\$ 1,593,506	\$ 385,715	\$ 3,708,944

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

EXHIBIT D

Total fund balances - governmental funds \$ 2,153,009

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

Capital assets used in the governmental activities are not financial resources and therefore, are not reported in the funds. 165,441

Lease payable reflects capital lease payments that the Regional Office of Education No. 9 will recognize as expensed when paid in the governmental financial statements. (19,660)

The OPEB obligation resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and therefore, are not reported in the funds. (4,082)

Revenues are not available to pay for current-period expenditures and therefore, are deferred in the funds. 57,880

The Internal Service Fund is used by management to charge the costs of general accounting services of the Regional Office of Education No. 9 to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.

Net Assets - Internal Service Fund	\$ 32,684	
Less capital assets of internal service fund included in total above	(10,694)	21,990

Net assets of governmental activities \$ 2,374,578

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT E

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES				
Federal sources	\$ 180,809	\$ 946,310	\$ -	\$ 1,127,119
State sources	852,617	1,241,235	960	2,094,812
Local sources	1,965,472	330,960	130,582	2,427,014
On-behalf payments	712,364	-	-	712,364
Total revenues	3,711,262	2,518,505	131,542	6,361,309
EXPENDITURES				
Instructional services:				
Salaries	1,174,754	841,860	36,504	2,053,118
Benefits	359,124	234,973	2,127	596,224
Purchased services	841,643	780,683	37,826	1,660,152
Supplies and materials	126,093	284,802	9,166	420,061
Miscellaneous	29,475	1,425	146	31,046
Payments to other governments	788	214,706	-	215,494
On-behalf payments	712,364	-	-	712,364
Capital expenditures	49,943	5,622	1,096	56,661
Total expenditures	3,294,184	2,364,071	86,865	5,745,120
EXCESS OF REVENUES OVER EXPENDITURES	417,078	154,434	44,677	616,189
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	(34,377)	34,377	-	-
Proceeds from long-term lease payable	26,456	-	-	26,456
Repayment of long-term lease payable	(19,174)	-	-	(19,174)
Net interest income	1,939	660	691	3,290
Total other financing sources (uses)	(25,156)	35,037	691	10,572
NET CHANGE IN FUND BALANCES	391,922	189,471	45,368	626,761
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)	1,314,524	(128,623)	340,347	1,526,248
FUND BALANCES, END OF YEAR	\$ 1,706,446	\$ 60,848	\$ 385,715	\$ 2,153,009

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT F

Net change in fund balances		\$ 626,761
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 expenditures, net of transfers	\$ 56,661	
Depreciation expense	<u>(58,954)</u>	(2,293)
Capital proceeds related to a capital lease are recognized in the governmental fund financial statements as revenue during the initial year of the obligation, however, are recorded as a debt in the government wide financial statements.		(26,456)
Repayment of long-term capital lease obligation is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		19,174
Revenues reported in the Statement of Activities in the prior year that did not provide current financial resources are not reported as revenues in the governmental funds		(190,173)
Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred revenues in the funds.		57,880
The net additions to capital assets of the internal service fund is reported under governmental activities		3,221
The net expense of the internal service fund is reported under governmental activities, excluding the depreciation expense of \$2,355 which is included in total depreciation above.		<u>2,105</u>
Change in net assets of governmental activities		<u><u>\$ 490,219</u></u>

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011**

EXHIBIT G

	Business-Type Activities - Enterprise Fund			Governmental
	Local	Nonmajor		Activities
	Workshops	Enterprise Fund	Total	Internal
				Service Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 230,494	\$ 7,961	\$ 238,455	\$ 21,192
Due from other funds	405,153	-	405,153	-
Due from other governmental agencies	17,219	-	17,219	798
Total current assets	<u>652,866</u>	<u>7,961</u>	<u>660,827</u>	<u>21,990</u>
Noncurrent assets				
Capital assets, net	<u>6,532</u>	<u>-</u>	<u>6,532</u>	<u>10,694</u>
TOTAL ASSETS	<u>659,398</u>	<u>7,961</u>	<u>667,359</u>	<u>32,684</u>
NET ASSETS				
Invested in capital assets	6,532	-	6,532	10,694
Unrestricted	<u>652,866</u>	<u>7,961</u>	<u>660,827</u>	<u>21,990</u>
TOTAL NET ASSETS	<u>\$ 659,398</u>	<u>7,961</u>	<u>667,359</u>	<u>\$ 32,684</u>

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT H

	Business-Type Activities - Enterprise Funds			Governmental
	Local	Nonmajor	Total	Activities
	Workshops	Enterprise Fund		Internal
				Service Fund
OPERATING REVENUES				
Charges for services	\$ 368,141	\$ 17,749	\$ 385,890	\$ 135,001
OPERATING EXPENSES				
Salaries	53,012	-	53,012	83,864
Benefits	13,307	-	13,307	28,874
Purchased services	113,291	13,310	126,601	11,166
Supplies and materials	182,491	-	182,491	5,851
Miscellaneous	92	-	92	48
Depreciation	19,920	-	19,920	2,355
Capital expenditures	13,016	-	13,016	-
Total operating expenses	395,129	13,310	408,439	132,158
OPERATING INCOME (LOSSES)	(26,988)	4,439	(22,549)	2,843
NONOPERATING REVENUE				
Interest income	1,236	18	1,254	128
CHANGE IN NET ASSETS	(25,752)	4,457	(21,295)	2,971
NET ASSETS, BEGINNING OF YEAR (RESTATED, SEE NOTE 12)	685,150	3,504	688,654	29,713
NET ASSETS, END OF YEAR	\$ 659,398	\$ 7,961	\$ 667,359	\$ 32,684

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT I

	Business-Type Activities - Enterprise Fund			Governmental Activities
	Local Workshops	Nonmajor Enterprise Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 361,894	\$ 17,749	\$ 379,643	\$ 134,990
Payments to suppliers	(714,043)	(13,310)	(727,353)	(17,065)
Payments to employees	(66,319)	-	(66,319)	(112,738)
Net cash provided by (used in) operating activities	(418,468)	4,439	(414,029)	5,187
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Purchase of capital assets	-	-	-	(3,221)
Net cash used in capital financing activities	-	-	-	(3,221)
CASH FLOWS FROM INVESTING ACTIVITY:				
Interest	1,236	18	1,254	128
Net cash provided by investing activity	1,236	18	1,254	128
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(417,232)	4,457	(412,775)	2,094
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	647,726	3,504	651,230	19,098
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 230,494</u>	<u>\$ 7,961</u>	<u>\$ 238,455</u>	<u>\$ 21,192</u>
Reconciliation of operating income (losses) to net cash provided by (used in) operating activities:				
Operating income (losses)	\$ (26,988)	\$ 4,439	\$ (22,549)	\$ 2,843
Adjustments to reconcile operating income (losses) to net cash provided by (used in) operating activities:				
Depreciation	19,920	-	19,920	2,355
Effects of changes in assets and liabilities:				
Due from other funds	(405,153)	-	(405,153)	-
Due from other governmental agencies	(6,247)	-	(6,247)	(11)
Net cash provided by (used in) operating activities	<u>\$ (418,468)</u>	<u>\$ 4,439</u>	<u>\$ (414,029)</u>	<u>\$ 5,187</u>

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

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 216,225</u>
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LIABILITIES

Accounts payable and accrued expenses	215,782
Due to other governmental agencies	<u>443</u>

TOTAL LIABILITIES	<u><u>\$ 216,225</u></u>
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The notes to the financial statements are an integral part of this statement.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). The ROE No. 9 encompasses Champaign/Ford Counties, Illinois. A Regional Superintendent of Schools serves as chief administrative officer of ROE No. 9, and is elected to the position for a four-year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105.

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 ROE No. 9's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; to investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school 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 see 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.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

For the period ended June 30, 2011, the ROE No. 9 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 ROE No. 9.

These are the only activities considered to be part of (controlled by or dependent on) the ROE No. 9, as determined by the application of the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will and potential for financial benefit or burden.

The ROE No. 9 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the ROE No. 9 does not consider itself to be a component unit of any other entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE No. 9 that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE No. 9 programs.

The Statement of Net Assets presents the ROE No. 9's nonfiduciary assets and liabilities with the differences reported as net assets. Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets of the ROE No. 9 are classified as follows:

Invested in Capital Assets - represents the ROE No. 9's total investment in capital assets. There is no outstanding debt related to these assets at this time.

Restricted Net Assets - represent resources in which the ROE No. 9 is legally obligated to spend in accordance with restrictions imposed by enabling legislation.

Unrestricted Net Assets - represent resources used for transactions relating to the general operations of the ROE No. 9 and may be used at the discretion of management to meet expenses for any purpose.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

When both restricted and unrestricted resources are available for use, it is the ROE's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned if any.

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

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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the ROE No. 9 are prepared in accordance with generally accepted accounting principles (GAAP). The government-wide financial statements and the proprietary fund 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 revenues are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The ROE No. 9 considers revenues as available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements.

There are, however, essentially two types of these revenues: (1) monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded, and (2) monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for compensated absences and other long-term obligations, which are recognized when paid.

Agency funds financial statements are reported using the accrual basis of accounting, but due to their custodial nature (assets equal liabilities) do not present results of operations or have a measurement focus.

The proprietary fund financial statements include local workshops fund and internal service fund. The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of inter-fund activities has been eliminated in the government-wide financial statements. In the Statement of Activities, interfund transactions between internal service fund and governmental funds have been eliminated. Internal service balances, except those representing balances between governmental funds and internal service fund, have been combined with the governmental activities in the Statement of Net Assets.

D. Fund Accounting

The accounts of the ROE No. 9 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The ROE No. 9 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Government Fund Types

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

The governmental funds include the following:

General Fund - Accounts for all financial resources except those required to be accounted for in another fund. It accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

General Operations - Accounts for monies received for, and payment of, expenditures for the general administration of the ROE No. 9 operations.

Essay Scoring - Accounts for local receipts and expenses in administering and scoring of GED essays for the school districts.

School Family Liaison Local Fund - Accounts for monies received for, and payment of, expenditures for a program that assists with the treatment of child abuse victims and helps prevent child abuse situations. This fund was previously reported in prior year as ISBE/DCFS Interagency Technical Assistance Network.

Regional Education Alternative for Developing Youth - Accounts for grant monies and local fees received for, and payment of, expenditures to administer an alternative school program for at-risk students in grades 6-12. The READY fund also includes the school breakfast program, national school lunch program, Workforce Investment Act (WIA) Youth program and the Education Jobs Fund program funded by the American Recovery and Reinvestment Act (ARRA). In addition, the READY program is funded by the General State Aid.

Novice Teacher Support - Accounts for monies received for, and payment of, expenditures for a program that provides beginning teachers with practical strategies for dealing with early career challenges, resources, and a network of colleagues who are also entering the teaching profession.

Summer Freedom School - Accounts for monies received for, and payment of, expenditures for summer literacy program designed by the Children's Defense Fund to promote cultural and social pride, and to motivate youth to read. Youth read and engage in literacy activities on a daily basis and participate in afternoon rotation activities and field trips both in and out of the community and State.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

IL Learning Technology Purchase Program - Accounts for monies received for, and payment of, expenditures for a fund created as a consortium of Learning Technology Centers, Regional Offices of Educations and school districts to purchase software, hardware and peripherals at competitive pricing from accredited suppliers. This fund was previously reported in the prior year under the Area IV Learning Technology Hub Fund.

Special Revenue Funds - Accounts for grant monies received for, and payment of, expenditures for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are restricted to expenditures for specified purposes. The special revenue funds include the following:

Education - Accounts for various grants supporting education enhancement programs. Education funds include:

Truants Alternative/Optional Education - Accounts for grant monies received for, and payment of, expenditures for a program that offers prevention and intervention services to truant students. Program activities include case management, home and school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

Title I Reading First Part B SEA - Accounts for grant monies received for, and payment of, expenditures for a program that provides technical assistance and professional development opportunities to support Reading First districts and primary reading instruction.

Department of Children & Family Services (DCFS) Grant - Accounts for grant monies received from the DCFS which is used for the payment of program expenditures for the treatment of child abuse victims and helps prevent child abuse situations.

McKinney-Vento Homeless Children & Youth Program - Accounts for grant monies received for, and payment of, expenditures for federal statewide grant under McKinney-Vento Homeless Children and Youth Program. This program provides assistance to schools who work with the homeless youth.

Teacher Mentoring - Accounts for grant monies received for, and payment of, expenditures for ISBE funded projects in the State that focus on the support and development of new teachers. The program provides mentoring strategies to veteran teachers, who in turn also provide trainings to new teachers. Program activities include assistance in classroom management and improvement strategies.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Title I School Improvement and Accountability - Accounts for grant monies received for, and payment of, expenditures for one of three Regional System of Support Projects (RESPRO) funded by ISBE and passed through the Iroquois-Kankakee Regional Office of Education No. 32. The grant supports the schools and school districts which are in academic status and have not met the required annual yearly progress for two or more years. Program activities include assistance in setting up school improvement plans and monitoring the status of school improvement plans.

IVPA-SEL Grant - Accounts for grant monies received for, and payment of, expenditures for technical assistance funded by ISBE but administered by the Illinois Violence Prevention Authority. The grant supports the implementation for Social/Emotional Learning (SEL) by local school districts who have been awarded program implementation grants. This is done through area trainings and technical assistance.

Freedom School Grant - Accounts for grant monies received for, and payment of, expenditures for program that provides safe, restorative learning spaces that operate for six weeks during the summer for seven hours per day.

Teen Reach Grant - Accounts for grant monies received for, and payment of, expenditures for program that expands the range of choices and opportunities that enable, empowers and encourages youth to achieve positive growth and development, improves expectations and capacities for future success, and avoids and/or reduces risk-taking behavior.

ISBE CMAR - Accounts for grant monies received for, and payment of, expenditures for program that provides consultants who are contracted to do compliance monitoring and provider application reading for the Supplemental Educational Services program under Title I, Part A, of the *No Child Left Behind Act of 2001*.

Gifted Education - Accounts for grant monies received for, and payment of, expenditures for program that provides instructional materials to schools, technical assistance, and resources from in-service activities for participating schools and their representatives. The activities of this program include in-service activities for gifted coordinators and other teachers.

Youth Detention Center - Accounts for monies received from the Urbana School District No. 116 to provide an educational program for the students serving time at the Juvenile Detention Center.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Migrant Education Program - Accounts for grant monies received for, and payment of, expenditures for program designed to operate in four of the ROE No. 9's districts that are most impacted by the social, emotional and academic needs of migrant students. This program provides a migrant advocate to improve communication between the schools and families, and promote academic success and social progress of migrant students.

21st Century Grant - Accounts for grant monies received for, and payment of, expenditures for program that provides academic enrichment opportunities during non-school hours for high school students who attend high-poverty and low-performing schools. This program helps students meet State and local student standards in core academic subjects; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

Schoolworks Operations - Accounts for a grant that provides professional development and training for teachers and administrators in Champaign, Ford and Vermilion Counties in the areas of gifted education, school improvement, staff development, and technology through workshops, study groups, on-site training, phone assistance, and consultation.

Area IV Learning Technology Hub - LTC Grant - Accounts for the grant monies received for, and payment of, expenditures for programs that provide assistance to local districts and schools for the implementation and support of a comprehensive system that effectively uses technology in schools to improve student academic achievement.

System of Support - Accounts for the grant monies received for, and payment of, expenditures to provide support for Title I schools in their year 1 and year 2 improvement status.

ARRA - Title 1 School Improvement and Accountability - Accounts for grant monies received for, and payment of, expenditures used to minimize the impact of school improvement budget cuts at the state level. This is funded by the American Reinvestment and Recovery Act (ARRA). This fund assists school districts who have not met AYP in planning, professional development, data analysis and in implementing school improvement and corrective action in order to improve instruction in an effort to meet AYP in subsequent years.

Nonmajor Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

expenditures for specified purposes. Non-major special revenue funds include the following:

General Education Development (GED) - Accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

School Bus Driver Training - Accounts for State and local receipts and expenses as a result of training school district bus drivers.

Institute Fund - Accounts for teacher certificate registrations, issuance and evaluation fees for processing certificates, and expenses for meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Proprietary Fund Types

Proprietary funds are those in which revenues and expenses related to services provided to other entities, as well as to other funds within the ROE No. 9 are reported. The ROE No. 9 reports the following enterprise fund:

Local Workshops - Accounts for monies received from registration fees for trainings and workshops conducted by the ROE No. 9 for the school district administrators and professionals. This fund also includes LTC Workshop which was previously reported in the prior year under the Area IV Learning Technology Hub Fund.

Nonmajor Enterprise Fund - Nonmajor enterprise fund consists of:

HR Solutions (Tomlinson) - Accounts for monies received from participating school districts which are used to provide technical assistance and training on human resources issues.

The ROE No. 9 reports the following internal service fund:

Internal Service Fund - Accounts for the general accounting services and other expenses provided to other operating areas and programs of the ROE No. 9 on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Distributive Fund - Accounts for State and federal funds appropriated to the Rural Champaign Co. Special Education Center and to entities which are paid through the ROE No. 9. Funds are received and disbursed to these entities and accounted for in a trustee capacity.

Payroll Clearing - This fund receives money from other funds to pay for the payroll expenses of the ROE No. 9 and the Rural Champaign Co. Special Education Coop.

Regional Board of Trustees - This fund accounts for the monies received from, and disbursed for the activities of the Regional Board of Trustees.

County School Facility Sales Tax - This fund accounts for monies received from the Champaign County representing 1% of the county's sales tax revenues. In accordance with the School Code 105 ILCS 5/3-14.31, proceeds from the sales tax revenues are distributed to the school districts in Champaign County based on student enrollment.

E. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE No. 9 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE No. 9 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE No. 9 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

F. Cash and Investments

Cash and cash equivalents consist of cash on deposit. Investments with an original maturity of three months or less at the time they are purchased by the ROE No. 9 are considered to be cash equivalents, while investments with original maturities of more than three months are reported as investments.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than two 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 estimated useful lives (3 to 20 years) of the respective assets.

H. Deferred Revenues

The ROE No. 9 reports deferred revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

I. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

J. Revenue from Federal and State Grants

Revenues from federal and State grant awards are recorded net of the amount due to the State or federal agency for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or federal agency are carried over to the following year project and are recorded as liabilities.

K. Budgetary Data

The ROE No. 9 did not formally adopt a budget for the year ended June 30, 2011 and is not legally required to do so. The ISBE requires budgets for certain State and federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

General Fund:

- Regional Education Alternative for Developing Youth

Special Revenue Funds:

- Education Fund:
 - Truants Alternative/Optional Education
 - Teacher Mentoring

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

- Migrant Education Program
- 21st Century Grant
- Schoolworks Operations
- Area IV Learning Technology Hub - LTC Grant
- ARRA - Title I School Improvement and Accountability

L. Interest Revenue

Interest earned on the Distributive Fund (a fiduciary fund) by ROE No. 9 on ISBE receipts is allocated and distributed semi-annually to recipients.

M. Compensated Absences

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. 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. Any accruals as of June 30th are considered immaterial by management and not reflected in the basic financial statements.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

N. New Accounting Pronouncements

In 2011, the ROE No. 9 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The ROE No. 9 adopted these standards during the year, however, GASB Statements 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

O. Governmental Fund Balances

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

Nonspendable - This consists of amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. There were no nonspendable fund balances as of June 30, 2011.

Restricted - This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. The following funds comprise restricted fund balances as of June 30, 2011: McKinney-Vento Homeless Children & Youth Program, Youth Detention Center, General Education Development, School Bus Driver Training and Institute Fund.

Committed - This consists of amounts with self-imposed constraints or limitations that have been placed at the highest level of decision making. There were no committed fund balances as of June 30, 2011.

Assigned - This consists of net amounts that are constrained by the ROE No. 9's intent to be used for specific purposes, but that are neither restricted nor committed. The following funds comprise assigned fund balances as of June 30, 2011 and are specified for a particular purpose by the Regional Superintendent: Essay Scoring, Regional Education Alternative for Developing Youth (READY), Novice Teacher Support, Summer Freedom School, and IL Learning Technology Purchase Program.

Unassigned - This consists of amounts that are available financial resources and are not designated for a specific purpose. The following funds comprise unassigned fund balances as of June 30, 2011: General Operations, School Family Liaison Local Fund, Teacher Mentoring, Teen Reach Grant, Schoolworks Operations, and Area IV Learning Technology Hub - LTC Grant.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits

The ROE No. 9 maintains different bank accounts for its various activities. At June 30, 2011, the total carrying amount of such accounts is \$3,327,359, and the total bank balance is \$3,977,360. The difference between the above amounts primarily represents

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checks that have been issued but have not yet cleared the bank as of June 30, 2011. The total bank balance of \$3,977,360 as of June 30, 2011 was secured by federal depository insurance.

NOTE 3 - DUE FROM (TO) OTHER GOVERNMENTAL AGENCIES

The ROE No. 9's Special Revenue Funds, Proprietary Funds, and Fiduciary Funds have funds due from/to the following governmental agencies:

Due from Other Governmental Agencies:	
Illinois State Board of Education	\$ 418,471
Illinois Department of Human Services	79,958
Iroquois/Kankakee Regional Office of Education No. 32	109,132
Urbana School District No. 116	83,957
Local school districts	102,422
Total	\$ 793,940
Due to Other Governmental Agencies:	
Illinois State Board of Education	\$ 536,210
Illinois Department of Human Services	443
Total	\$ 536,653

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2011 are as follows:

	Balance July 1, 2010 (restated) *	Additions	Retirements	Balance June 30, 2011
GOVERNMENTAL FUNDS				
Equipment and office furniture	\$ 620,080	\$ 59,882	\$ 49,526	\$ 630,436
Less: accumulated depreciation	455,567	58,954	(49,526)	464,995
Capital assets, net	\$ 164,513	\$ 928	\$ -	\$ 165,441
PROPRIETARY FUNDS				
Equipment and office furniture	\$ 105,977	\$ -	\$ -	\$ 105,977
Less: accumulated depreciation	79,525	19,920	-	99,445
Capital assets, net	\$ 26,452	\$ (19,920)	\$ -	\$ 6,532

* Beginning balances of governmental funds and proprietary funds were restated due to the effect of reclassifications. See Note 12 for additional information on these restatements.

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Depreciation expense for the year ended June 30, 2011 of \$58,954 was charged to the governmental activities under the instructional services function. For the business-type activities, depreciation of \$19,920 was charged to the enterprise fund - local workshops.

NOTE 5 - LEASES

(a) Capital Lease

The ROE No. 9 has entered into lease agreements as lessee for financing the acquisition of office equipment and copiers. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

The future minimum capital lease obligations and the net present value of these lease payments as of June 30, 2011, are as follows:

Year Ending June 30	Amount
2012	\$ 5,942
2013	5,558
2014	4,406
2015	4,406
2016	1,366
Total minimum lease payment	21,678
Less: amount representing interest	2,018
Present value of minimum lease payments	\$ 19,660

(b) Operating Lease

The ROE No. 9 is committed under lease agreements for various classroom and office spaces for its Regional Education Alternative for Developing Youth (READY) School and Illinois Technical Assistance Network (ITAN) programs.

Future minimum lease rentals are as follows:

Year Ending June 30	Amount
2012	\$ 157,428
2013	157,428
2014	157,428
2015	157,428
Thereafter	682,188
Total	\$ 1,311,900

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NOTE 6 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2011:

Education Fund:	
Teacher Mentoring	\$ 2,307
Teen Reach Grant	21,235
Schoolworks Operations	7,833
Area IV Learning Technology Hub - LTC Grant	<u>8,221</u>
Total Deficit Fund Balances	<u>\$ 39,596</u>

Above deficit fund balances are expected to be reversed in the next fiscal year through payments from the State, receipts from local sources and interest income. The deficit balances are due to the provision of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of the current fiscal period.

NOTE 7 - ON BEHALF PAYMENTS

The salaries of the Superintendent and Assistant Superintendent of ROE No. 9 are paid for by the State of Illinois and Teachers Retirement System (TRS) contributions are paid by the State of Illinois, in accordance with applicable State of Illinois law.

The breakdown of the on-behalf payments is as follows:

Regional Superintendent's salary	\$ 100,762
Regional Superintendent's fringe benefits (includes State paid insurance)	21,879
Assistant Regional Superintendent's salary	90,686
Assistant Regional Superintendent's fringe benefits (includes State paid insurance)	16,985
TRS pension contributions	465,985
THIS OPEB contributions	<u>16,067</u>
Total	<u>\$ 712,364</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the ISBE. The fringe benefits amounts include State paid insurance. These amounts have been recorded in the accompanying financial statements as on-behalf revenues and expenditures.

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NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS

Teachers' Retirement System of the State of Illinois

The ROE No. 9 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the ROE No. 9's TRS-covered employee.

- **On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on-behalf of the ROE No. 9. For the year ended June 30, 2011, the State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the ROE No. 9 recognized revenue and expenditures of \$465,985 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$1,000,003) and 17.08 percent (\$570,202), respectively.

The ROE No. 9 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$10,590. Contributions for the years ended June 30, 2010 and June 30, 2009, were \$23,704 and \$21,865, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the ROE No. 9, there is a statutory

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requirement for the ROE No. 9 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$207,561 were paid from federal and special trust funds that required employer contributions of \$47,946. For the years ended June 30, 2010 and June 30, 2009, required ROE No. 9 contributions were \$98,038 and \$73,687, respectively.

- **Early retirement option (ERO).** The ROE No. 9 is also required to make one-time employer contributions to TRS for members retiring under the ERO. The payments vary depending on the age and salary of the member.

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

For the year ended June 30, 2011, the ROE No. 9 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30 2009, the ROE No. 9 paid \$0 in employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the year ended June 30, 2011, the ROE No. 9 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010 and 2009, the ROE No. 9 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511). For the year ended June 30, 2011, the ROE No. 9 paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2010 and 2009, the ROE No. 9 did not have any payments to TRS for sick leave days granted in excess of the normal annual allotment.

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

Illinois Municipal Retirement Fund

Plan Description

The ROE No. 9'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 ROE No. 9'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.

Funding Policy

As set by statute, the ROE No. 9'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 annual required contribution rate for calendar year 2010 was 11.50 percent. The ROE No. 9 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The required contribution for calendar year 2010 was \$243,431.

THREE-YEAR TREND INFORMATION			
Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 243,431	100%	\$ —
12/31/09	169,522	100%	—
12/31/08	153,373	100%	—

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The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the ROE No. 9's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The ROE No. 9's regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10-year basis.

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 82.95 percent funded. The actuarial accrued liability for benefits was \$3,911,362 and the actuarial value of assets was \$3,244,594, resulting in an underfunded actuarial accrued liability (UAAL) of \$666,768. The covered payroll for the calendar year 2010 (annual payroll of active employees covered by the plan) was \$2,116,788 and the ratio of the UAAL to the covered payroll was 31 percent.

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 9 - OTHER POSTEMPLOYMENT BENEFITS

Defined Benefit Plan - Health Alliance

Plan Description

The ROE No. 9 provides postemployment health care for eligible retired employees and their dependents through a multiple-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the ROE No. 9, and can be amended through its personnel manual and employee contracts. An irrevocable trust has not been established to account for the plan and accordingly, the plan is not accounted for as a trust fund. The plan does not issue a separate report.

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Benefits Provided

The ROE No. 9 provides postemployment health care for eligible retired employees and their dependents. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their health care plan coverage by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services and prescriptions. Because the actuarial cost of health benefits for the retirees exceeds the average amount paid by retirees, the additional cost is paid by the ROE No. 9 and is the basis for OPEB obligation accounted for under GASB Statement No. 45.

Membership

At June 30, 2011, membership consisted of:

Retirees and beneficiaries receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	–
Active vested plan members	22
Active nonvested plan members	29
Total	<u>52</u>
Number of participating employers	<u>1</u>

Funding Policy

The Regional Superintendent of the ROE No. 9 negotiates the contribution percentages between the ROE No. 9 and her employees through the employee contracts and the personnel policy. All retirees contribute 100% of the blended premium to the plan and the ROE No. 9 contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay-as-you-go). GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body’s annual required contribution, but does not require funding of the related liability. As of June 30, 2011, the ROE No. 9 has chosen not to fund the liability.

Annual OPEB Cost and Net OPEB Obligation

The ROE No. 9’s annual OPEB cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over a period of thirty years.

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Trend Data

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Components of Net OPEB Obligation and Expense

Item	Amount as of June 30, 2010 *
Annual Required Contribution	\$ 6,506
Interest on Net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	6,506
Contributions made	(2,424)
Increase in net OPEB obligation	4,082
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 4,082

* latest available information

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/10 *	\$6,506	37.25%	\$ 4,082

Funded Status and Funding Progress

As of June 30, 2010, the actuarial accrued liability for benefits was \$42,813. The covered payroll was approximately \$2,209,155, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.94%.

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Actuarial Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended June 30, 2010, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8% initially, reduced to an ultimate rate of 6% after five years. Rates include a 3% general inflation assumption. The Unfunded Accrued Liability is being amortized as a level dollar amount on a closed basis over 30 years. A discount (interest) rate of 5% was used, as well as a salary progression rate of 5% per year.

Teacher Health Insurance Security Fund

The ROE No. 9 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental or life insurance benefits to annuitants of the 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 to make a contribution to THIS Fund.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 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 ROE No. 9. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. The State of Illinois contributions were \$16,067, and the ROE No. 9 recognized revenue and expenditures of this amount

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during the year. State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84 percent of pay. State contributions on behalf of ROE No. 9 for the year ended June 30, 2010 was \$35,939. Had the ROE No. 9 recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay or \$29,651.

- **Employer contributions to THIS Fund.** The ROE No. 9 also makes contributions to THIS Fund. The ROE No. 9 THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the ROE No. 9 paid \$25,983 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the ROE No. 9 paid \$25,748 and \$21,032 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 10 - RISK MANAGEMENT

The ROE No. 9 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 - INTERFUND TRANSFERS

(a) Due From (To) Other Funds

As of June 30, 2011, amounts due from (to) other funds consist of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund:		
School Family Liaison Local Fund	\$ -	\$ 788
IL Learning Technology Purchase Program	65,623	-
Education Fund:		
Truants Alternative/ Optional Education	-	41,990
Department of Children & Family Services Grant	-	15,123
Teacher Mentoring	-	20,307
Title I School Improvement and Accountability	-	109,132
Freedom School Grant	15,123	-
Teen Reach Grant	788	65,623
Schoolworks Operations	-	46,993
Area IV Learning Technology Hub - LTC Grant	-	98,894
ARRA Title I School Improvement and Accountability	-	87,837
Enterprise Fund - Local Workshops	405,153	-
Total	<u>\$ 486,687</u>	<u>\$ 486,687</u>

The amounts due from (to) other funds resulted from interfund borrowing to cover short-term cash deficit.

(b) Transfers From (To) Other Funds

The composition of interfund transfers during FY 2011 is as follows:

Fund	Transfer-in	Transfer-out
General Fund - General Operations	\$ -	\$ 34,377
Education Fund - Schoolworks Operations	34,377	-
Total	<u>\$ 34,377</u>	<u>\$ 34,377</u>

In FY 2011, the ROE No. 9 made interfund transfers to move a portion of unrestricted general fund to a special revenue fund. This was done to cover operating expenditures.

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12 - RECLASSIFICATION

As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, at June 30, 2011, the LTC Workshop (which was under the Area IV - Learning Technology Hub Fund), previously reported under the general fund has been reclassified to the proprietary fund. The HR Solutions (Tomlinson) under the education fund also, has been reclassified under the proprietary fund.

The Schoolworks Operations and the LTC Grant (which was under the Area IV - Learning Technology Hub Fund) have been reclassified to the Education Fund. These funds have been historically reported in the General Fund. However, because funds for these programs are governed by grant agreement with the grantor, the funds are restricted and are required to be reported as special revenue funds.

The Regional Education Alternative for Developing Youth (READY) Fund, which includes the General State Aid, has been reclassified. The General State Aid, as well as funding from local sources primarily supports the READY program. Because the unrestricted funds from the General State Aid and from local sources, are the primary sources of funding for the current year, the READY Fund has been reclassified from the Education Fund to the General Fund.

In addition, School Family Liaison Local Fund (previously, the ISBE Interagency Technical Assistance Network), the Novice Teacher Support and the Summer Freedom School were reclassified to the General Fund because they do not meet the definition of a special revenue fund.

The reclassifications had the following effect on the beginning fund balance for the General Fund, Education Fund, and on the beginning net assets for the Proprietary Fund.

Statement of Activities	Governmental Activities
Net Assets, July 1, 2010	\$ 2,061,573
Reclassification of HR Solutions (Tomlinson)	(3,504)
Reclassification of Area IV - Learning Technology Hub - LTC Workshop	(152,436)
Reclassification of Area IV - Learning Technology Hub - LTC Workshop Property and Equipment	(21,274)
Beginning Net Assets, July 1, 2010, Reclassified	\$ 1,884,359

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO THE FINANCIAL STATEMENTS
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Statement of Activities	Business-Type Activities
Net Assets, July 1, 2010	\$ 511,440
Reclassification of HR Solutions (Tomlinson)	3,504
Reclassification of Area IV - Learning Technology Hub - LTC Workshop	152,436
Reclassification of Area IV - Learning Technology Hub - LTC Workshop Property and Equipment	21,274
	\$ 688,654

Proprietary Fund	Enterprise Fund
Net Assets, July 1, 2010	\$ 511,440
Reclassification of HR Solutions (Tomlinson)	3,504
Reclassification of Area IV - Learning Technology Hub - LTC Workshop	152,436
Reclassification of Area IV - Learning Technology Hub - LTC Workshop Property and Equipment	21,274
	\$ 688,654

	General Fund
Fund Balance, July 1, 2010	\$ 681,540
Reclassification of Schoolworks Operations	34,377
Reclassification of Area IV - Learning Technology - LTC Grant	76,400
Reclassification of Area IV - Learning Technology Hub - LTC Workshop	(152,436)
Reclassification of School Family Liaison Local Fund (previously ISBE Interagency Technical Assistance Network)	(2,356)
Reclassification of Regional Education Alternative for Developing Youth (READY)	676,064
Reclassification of Summer Freedom School	935
	\$ 1,314,524

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	<u>Education Fund</u>
Fund Balance, July 1, 2010	\$ 660,301
Reclassification of School Family Liaison Local Fund (previously ISBE Interagency Technical Assistance Network)	2,356
Reclassification of Regional Education Alternative for Developing Youth (READY)	(676,064)
Reclassification of Summer Freedom School	(935)
Reclassification of HR Solutions (Tomlinson)	(3,504)
Reclassification of Schoolworks Operations	(34,377)
Reclassification of Area IV - Learning Technology - LTC Grant	(76,400)
	<u> </u>
Beginning Fund Balance, July 1, 2010, Reclassified	\$ (128,623)

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$3,244,594	\$3,911,362	\$ 666,768	82.95%	\$2,116,788	31.50%
12/31/09	3,125,038	3,747,628	622,590	83.39%	2,121,679	29.34%
12/31/08	2,807,116	3,286,134	479,018	85.42%	1,795,941	26.67%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$3,448,508.
On a market basis, the funded ratio would be 88.17%.

**OTHER POST EMPLOYMENT BENEFITS -
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/10 *	\$0	\$42,813	\$42,813	0%	\$2,209,155	1.94%

**OTHER POST EMPLOYMENT BENEFITS PLAN -
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
06/30/10 *	\$2,424	\$6,506	37.26%

* latest available information

SUPPLEMENTARY INFORMATION

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2011**

SCHEDULE 1

	General Operations	Essay Scoring	School Family Liason Local Fund	Regional Education Alternative for Developing Youth
ASSETS				
Cash and cash equivalents	\$ 108,548	\$ 7,210	\$ 1,256	\$ 904,105
Due from other funds	-	-	-	-
Due from other governmental agencies	191	708	-	200,206
TOTAL ASSETS	108,739	7,918	1,256	1,104,311
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	285	-	-	-
Due to other funds	-	-	788	-
Deferred revenues	-	-	-	18,284
Total liabilities	285	-	788	18,284
FUND BALANCES				
Assigned	-	7,918	-	1,086,027
Unassigned	108,454	-	468	-
Total fund balances	108,454	7,918	468	1,086,027
TOTAL LIABILITIES AND FUND BALANCES	\$ 108,739	\$ 7,918	\$ 1,256	\$ 1,104,311

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2011**

**SCHEDULE 1
(CONTINUED)**

	Novice Teacher Support	Summer Freedom School	IL Learning Technology Purchase Program	Total
Cash and cash equivalents	\$ 3,928	\$ 937	\$ 431,729	\$ 1,457,713
Due from other funds	-	-	65,623	65,623
Due from other governmental agencies	-	700	4,582	206,387
TOTAL ASSETS	3,928	1,637	501,934	1,729,723

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued expenses	-	-	-	285
Due to other funds	-	-	-	788
Deferred revenues	3,920	-	-	22,204
Total liabilities	3,920	-	-	23,277

FUND BALANCES

Assigned	8	1,637	501,934	1,597,524
Unassigned	-	-	-	108,922
Total fund balances	8	1,637	501,934	1,706,446

TOTAL LIABILITIES AND FUND BALANCES

\$	3,928	\$ 1,637	\$ 501,934	\$ 1,729,723
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CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 GENERAL FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2011

	General Operations	Essay Scoring	School Family Liason Local Fund	Regional Education	
				Alternative for	Developing Youth
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ -	180,809
State sources	-	-	-	-	852,617
Local sources	758,498	9,205	5,238		1,085,277
On-behalf payments	712,364	-	-	-	-
Total revenues	1,470,862	9,205	5,238		2,118,703
EXPENDITURES					
Salaries	116,142	6,688	-	-	1,010,068
Benefits	49,755	512	-	-	294,345
Purchased services	514,724	387	-	-	304,189
Supplies and materials	6,685	-	570	-	67,084
Payments to other governments	-	-	788	-	-
Miscellaneous	12,859	-	1,058	-	11,472
On-behalf payments	712,364	-	-	-	-
Capital expenditures	19,212	-	-	-	30,731
Total expenditures	1,431,741	7,587	2,416		1,717,889
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,121	1,618	2,822		400,814
OTHER FINANCING SOURCES (USES)					
Transfer out	(34,377)	-	-	-	-
Proceeds from long-term lease payable	17,496	-	-	-	8,960
Repayment of long-term lease payable	(17,658)	-	-	-	(1,516)
Net interest income (expense)	(707)	11	2		1,705
Total other financing sources (uses)	(35,246)	11	2		9,149
NET CHANGE IN FUND BALANCES	3,875	1,629	2,824		409,963
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)	104,579	6,289	(2,356)		676,064
FUND BALANCES, END OF YEAR	\$ 108,454	\$ 7,918	\$ 468	\$	1,086,027

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 2
(CONTINUED)

	Novice Teacher Support	Summer Freedom School	IL Learning Technology Purchase Program	Total
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ 180,809
State sources	-	-	-	852,617
Local sources	-	700	106,554	1,965,472
On-behalf payments	-	-	-	712,364
Total revenues	-	700	106,554	3,711,262
EXPENDITURES				
Salaries	-	-	41,856	1,174,754
Benefits	-	-	14,512	359,124
Purchased services	-	-	22,343	841,643
Supplies and materials	-	-	51,754	126,093
Payments to other governments	-	-	-	788
Miscellaneous	-	-	4,086	29,475
On-behalf payments	-	-	-	712,364
Capital expenditures	-	-	-	49,943
Total expenditures	-	-	134,551	3,294,184
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	700	(27,997)	417,078
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	-	(34,377)
Proceeds from long-term lease payable	-	-	-	26,456
Repayment of long-term lease payable	-	-	-	(19,174)
Net interest income (expense)	8	2	918	1,939
Total other financing sources (uses)	8	2	918	(25,156)
NET CHANGE IN FUND BALANCES	8	702	(27,079)	391,922
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)	-	935	529,013	1,314,524
FUND BALANCES, END OF YEAR	\$ 8	\$ 1,637	\$ 501,934	\$ 1,706,446

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 3

	Regional Education Alternative for Developing Youth		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ -	\$ 180,809	\$ 180,809
State sources	127,598	852,617	725,019
Local sources		1,085,277	1,085,277
Total revenues	<u>127,598</u>	<u>2,118,703</u>	<u>1,991,105</u>
EXPENDITURES			
Salaries	-	1,010,068	(1,010,068)
Benefits	-	294,345	(294,345)
Purchased services	127,598	304,189	(176,591)
Supplies and materials	-	67,084	(67,084)
Miscellaneous	-	11,472	(11,472)
Capital expenditures	-	30,731	(30,731)
Total expenditures	<u>127,598</u>	<u>1,717,889</u>	<u>(1,590,291)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	400,814	<u>\$ 400,814</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term lease payable		8,960	
Repayment of long-term lease payable		(1,516)	
Net interest income		1,705	
Total other financing sources		<u>9,149</u>	
NET CHANGE IN FUND BALANCE		409,963	
FUND BALANCE, BEGINNING OF YEAR (RESTATED, SEE NOTE 12)		<u>676,064</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,086,027</u>	

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2011

SCHEDULE 4

	Truants Alternative/ Optional Education	Title I Reading First Part B SEA	Department of Children & Family Services Grant	McKinney-Vento Homeless Children & Youth Program	Teacher Mentoring	Title I School Improvement and Accountability
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governmental agencies	41,990	-	15,123	-	20,307	109,132
TOTAL ASSETS	<u>41,990</u>	<u>-</u>	<u>15,123</u>	<u>600</u>	<u>20,307</u>	<u>109,132</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts payable and accrued expenses	-	-	-	-	-	-
Due to other funds	41,990	-	15,123	-	20,307	109,132
Due to other governmental agencies	-	-	-	-	-	-
Deferred revenues	-	-	-	-	2,307	-
Total liabilities	<u>41,990</u>	<u>-</u>	<u>15,123</u>	<u>-</u>	<u>22,614</u>	<u>109,132</u>
FUND BALANCES (DEFICIT)						
Restricted	-	-	-	600	-	-
Unassigned	-	-	-	-	(2,307)	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>(2,307)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 41,990</u>	<u>\$ -</u>	<u>\$ 15,123</u>	<u>\$ 600</u>	<u>\$ 20,307</u>	<u>\$ 109,132</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2011

SCHEDULE 4
 (CONTINUED)

	IVPA-SEL Grant	Freedom School Grant	Teen Reach Grant	ISBE CMAR	Gifted Education	Youth Detention Center
ASSETS						
Cash and cash equivalents	\$ 3,113	\$ 43,277	\$ -	\$ -	\$ -	\$ 15,887
Due from other funds	-	15,123	788	-	-	-
Due from other governmental agencies	-	-	64,835	-	-	83,957
TOTAL ASSETS	3,113	58,400	65,623	-	-	99,844
LIABILITIES AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts payable and accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	65,623	-	-	-
Due to other governmental agencies	-	-	-	-	-	-
Deferred revenues	3,113	58,400	21,235	-	-	-
Total liabilities	3,113	58,400	86,858	-	-	-
FUND BALANCES (DEFICIT)						
Restricted	-	-	-	-	-	99,844
Unassigned	-	-	(21,235)	-	-	-
Total fund balances (deficit)	-	-	(21,235)	-	-	99,844
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 3,113	\$ 58,400	\$ 65,623	\$ -	\$ -	\$ 99,844

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2011

SCHEDULE 4
 (CONTINUED)

	Migrant Education Program	21st Century Grant	Schoolworks Operations	Area IV Learning Technology Hub - LTC Grant	System of Support	ARRA - Title I School Improvement and Accountability	Total
Cash and cash equivalents	\$ -	\$ 42,831	\$ -	\$ -	\$ 902,807	\$ -	\$ 1,008,515
Due from other funds	-	-	-	-	-	-	15,911
Due from other governmental agencies	-	-	46,993	98,894	-	87,849	569,080
TOTAL ASSETS	-	42,831	46,993	98,894	902,807	87,849	1,593,506

LIABILITIES AND FUND BALANCES (DEFICIT)

LIABILITIES

Accounts payable and accrued expenses	-	49	-	-	-	12	61
Due to other funds	-	-	46,993	98,894	-	87,837	485,899
Due to other governmental agencies	-	-	-	-	536,210	-	536,210
Deferred revenues	-	42,782	7,833	8,221	366,597	-	510,488
Total liabilities	-	42,831	54,826	107,115	902,807	87,849	1,532,658

FUND BALANCES (DEFICIT)

Restricted	-	-	-	-	-	-	100,444
Unassigned	-	-	(7,833)	(8,221)	-	-	(39,596)
Total fund balances (deficit)	-	-	(7,833)	(8,221)	-	-	60,848

TOTAL LIABILITIES AND FUND
 BALANCES (DEFICIT)

\$ -	\$ 42,831	\$ 46,993	\$ 98,894	\$ 902,807	\$ 87,849	\$ 1,593,506
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CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2011

	Truants Alternative/ Optional Education	Title I Reading First Part B SEA	Department of Children & Family Services Grant	McKinney-Vento Homeless Children & Youth Program	Teacher Mentoring	Title I School Improvement and Accountability
REVENUES						
Federal sources	\$ -	\$ 38,304	\$ 66,622	\$ 27,355	\$ -	\$ 244,154
State sources	71,122	-	-	-	55,637	-
Local sources	-	-	-	4,051	-	-
Total revenues	71,122	38,304	66,622	31,406	55,637	244,154
EXPENDITURES						
Salaries	39,113	-	31,865	10,940	-	82,170
Benefits	9,844	-	4,684	4,761	-	41,821
Purchased services	5,596	34,716	26,501	8,308	14,628	36,371
Supplies and materials	2,204	3,589	3,572	8,780	662	2,801
Payments to other governments	-	-	-	-	36,185	80,991
Miscellaneous	-	10	9	26	-	-
Capital expenditures	-	-	-	989	-	-
Total expenditures	56,757	38,315	66,631	33,804	51,475	244,154
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,365	(11)	(9)	(2,398)	4,162	-
OTHER FINANCING SOURCES						
Transfer in	-	-	-	-	-	-
Net interest income	-	11	9	10	-	-
Total other financing sources	-	11	9	10	-	-
NET CHANGE IN FUND BALANCES	14,365	-	-	(2,388)	4,162	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)	(14,365)	-	-	2,988	(6,469)	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ 600	\$ (2,307)	\$ -

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
EDUCATION FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

	IVPA-SEL Grant	Freedom School Grant	Teen Reach Grant	ISBE CMAR	Gifted Education	Youth Detention Center
REVENUES						
Federal sources	\$ -	\$ -	\$ 109,000	\$ -	\$ -	\$ -
State sources	70,232	-	-	-	527,804	-
Local sources	-	44,228	-	13,742	-	268,939
Total revenues	<u>70,232</u>	<u>44,228</u>	<u>109,000</u>	<u>13,742</u>	<u>527,804</u>	<u>268,939</u>
EXPENDITURES						
Salaries	34,700	7,452	63,033	-	19,420	128,565
Benefits	4,140	960	7,261	-	2,888	31,329
Purchased services	21,655	26,070	50,537	13,742	275,812	9,004
Supplies and materials	9,737	9,746	9,404	-	200,720	216
Payments to other governments	-	-	-	-	28,965	-
Miscellaneous	131	22	-	-	365	-
Capital expenditures	-	-	-	-	-	-
Total expenditures	<u>70,363</u>	<u>44,250</u>	<u>130,235</u>	<u>13,742</u>	<u>528,170</u>	<u>169,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(131)	(22)	(21,235)	-	(366)	99,825
OTHER FINANCING SOURCES						
Transfer in	-	-	-	-	-	-
Net interest income	131	22	-	-	366	19
Total other financing sources	<u>131</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>366</u>	<u>19</u>
NET CHANGE IN FUND BALANCES	-	-	(21,235)	-	-	99,844
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)	-	-	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,235)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,844</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
EDUCATION FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Migrant Education Program	21st Century Grant	Schoolworks Operations	Area IV Learning Technology Hub - LTC Grant	System of Support	ARRA - Title I School Improvement and Accountability	Total
REVENUES							
Federal sources	\$ 45,456	\$ 174,870	\$ -	\$ -	\$ -	\$ 240,549	\$ 946,310
State sources	-	-	117,479	311,053	87,908	-	1,241,235
Local sources	-	-	-	-	-	-	330,960
Total revenues	45,456	174,870	117,479	311,053	87,908	240,549	2,518,505
EXPENDITURES							
Salaries	27,000	82,134	64,172	165,751	-	85,545	841,860
Benefits	12,014	18,200	17,204	40,808	-	39,059	234,973
Purchased services	6,443	53,913	33,559	20,843	87,908	55,077	780,683
Supplies and materials	-	20,623	4,961	2,492	-	5,295	284,802
Payments to other governments	-	-	-	12,980	-	55,585	214,706
Miscellaneous	6	73	783	-	-	-	1,425
Capital expenditures	-	-	4,633	-	-	-	5,622
Total expenditures	45,463	174,943	125,312	242,874	87,908	240,561	2,364,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7)	(73)	(7,833)	68,179	-	(12)	154,434
OTHER FINANCING SOURCES							
Transfer in	-	-	34,377	-	-	-	34,377
Net interest income	7	73	-	-	-	12	660
Total other financing sources	7	73	34,377	-	-	12	35,037
NET CHANGE IN FUND BALANCES	-	-	26,544	68,179	-	-	189,471
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)	-	-	(34,377)	(76,400)	-	-	(128,623)
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ (7,833)	\$ (8,221)	\$ -	\$ -	\$ 60,848

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 6

	Truants Alternative / Optional Education		Teacher Mentoring		Migrant Education Program	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$	-	-	\$	-	\$	45,456
Federal sources						\$ 45,456
State sources	64,096	71,122	7,026	43,205	55,637	12,432
Total revenues	64,096	71,122	7,026	43,205	55,637	12,432
						45,456
						45,456
Salaries	41,313	39,113	2,200	-	-	27,000
Benefits	10,326	9,844	482	-	-	11,806
Purchased services	6,439	5,596	843	10,211	14,628	(4,417)
Supplies and materials	6,018	2,204	3,814	-	662	(662)
Payments to governments	-	-	-	32,994	36,185	(3,191)
Miscellaneous	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Total expenditures	64,096	56,757	7,339	43,205	51,475	(8,270)

\$	-	14,365	\$	14,365	\$	-	4,162	\$	4,162	\$	(7)	\$	(7)
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**EXCESS (DEFICIENCY) OF REVENUES
 OVER EXPENDITURES**

OTHER FINANCING SOURCES													
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	-
Net interest income	-	-	-	-	-	-	-	-	-	-	-	7	7
Total other financing sources	-	-	-	-	-	-	-	-	-	-	-	7	7

NET CHANGE IN FUND BALANCES

		14,365			4,162		-						
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**FUND BALANCES (DEFICIT), BEGINNING
 OF YEAR (RESTATED, SEE NOTE 12)**

		(14,365)			(6,469)		-						
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FUND BALANCES (DEFICIT), END OF YEAR

\$	-	-	\$	-	\$	(2,307)	\$	-	\$	-	\$	-	\$
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CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 6
 (CONTINUED)

	21st Century Grant			Schoolworks Operations			Area IV Learning Technology Hub - LTC Grant		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES									
Federal sources	\$ 148,935	\$ 174,870	\$ 25,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	125,312	117,479	(7,833)	249,353	311,053	61,700
Total revenues	148,935	174,870	25,935	125,312	117,479	(7,833)	249,353	311,053	61,700
EXPENDITURES									
Salaries	74,380	82,134	(7,754)	64,040	64,172	(132)	171,277	165,751	5,526
Benefits	16,185	18,200	(2,015)	17,015	17,204	(189)	41,621	40,808	813
Purchased services	50,668	53,913	(3,245)	32,873	33,559	(686)	33,493	20,843	12,650
Supplies and materials	7,702	20,623	(12,921)	5,000	4,961	39	2,962	2,492	470
Payments to governments	-	-	-	-	-	-	-	12,980	(12,980)
Miscellaneous	-	73	(73)	700	783	(83)	-	-	-
Capital expenditures	-	-	-	5,684	4,633	1,051	-	-	-
Total expenditures	148,935	174,943	(26,008)	125,312	125,312	-	249,353	242,874	6,479
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	(73)	(73)	\$ -	(7,833)	(7,833)	\$ -	68,179	\$ 68,179
OTHER FINANCING SOURCES									
Transfer in	-	-	-	-	34,377	-	-	-	-
Net interest income	-	73	73	-	-	-	-	-	-
Total other financing sources	-	73	73	-	34,377	-	-	-	-
NET CHANGE IN FUND BALANCES									
	-	-	-	26,544	26,544	-	-	68,179	68,179
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)									
	-	-	-	(34,377)	(34,377)	-	-	(76,400)	(76,400)
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ (7,833)	\$ (7,833)	\$ -	\$ -	\$ (8,221)	\$ (8,221)

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 6
 (CONTINUED)

	ARRA - Title I School Improvement and Accountability		Total			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ 280,000	\$ 240,549	\$ (39,451)	\$ 474,391	\$ 460,875	\$ (13,516)
State sources	-	-	-	481,966	555,291	73,325
Total revenues	280,000	240,549	(39,451)	956,357	1,016,166	59,809
EXPENDITURES						
Salaries	77,491	85,545	(8,054)	455,501	463,715	(8,214)
Benefits	37,611	39,059	(1,448)	134,564	137,129	(2,565)
Purchased services	66,845	55,077	11,768	206,879	190,059	16,820
Supplies and materials	6,235	5,295	940	28,217	36,237	(8,020)
Payments to governments	91,818	55,585	36,233	124,812	104,750	20,062
Miscellaneous	-	-	-	700	862	(162)
Capital expenditures	-	-	-	5,684	4,633	1,051
Total expenditures	280,000	240,561	39,439	956,357	937,385	18,972
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	(12)	\$ (12)	\$ -	78,781	\$ 78,781
OTHER FINANCING SOURCES						
Transfer in	-	-	-	-	34,377	34,377
Net interest income	12	12	-	-	92	92
Total other financing sources	12	12	-	-	34,469	34,469
NET CHANGE IN FUND BALANCES						
	-	-	-	-	113,250	113,250
FUND BALANCES (DEFICIT), BEGINNING OF YEAR (RESTATED, SEE NOTE 12)						
	-	-	-	-	(131,611)	(131,611)
FUND BALANCES (DEFICIT), END OF YEAR						
	\$ -	-	-	-	\$ (18,361)	\$ (18,361)

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

SCHEDULE 7

	<u>GED</u>	<u>School Bus Driver Training</u>	<u>Institute Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 88,375	\$ 17,571	\$ 279,313	\$ 385,259
Due from other governmental agencies	60	396	-	456
TOTAL ASSETS	<u>88,435</u>	<u>17,967</u>	<u>279,313</u>	<u>385,715</u>
FUND BALANCES				
Restricted	<u>88,435</u>	<u>17,967</u>	<u>279,313</u>	<u>385,715</u>
TOTAL FUND BALANCES	<u>\$ 88,435</u>	<u>\$ 17,967</u>	<u>\$ 279,313</u>	<u>\$ 385,715</u>

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 8

	School Bus			
	GED	Driver Training	Institute Fund	Total
REVENUES				
State sources	\$ -	\$ 960	\$ -	\$ 960
Local sources	62,424	2,124	66,034	130,582
Total revenues	<u>62,424</u>	<u>3,084</u>	<u>66,034</u>	<u>131,542</u>
EXPENDITURES				
Salaries	36,366	-	138	36,504
Benefits	2,116	-	11	2,127
Purchased services	6,970	1,621	29,235	37,826
Supplies and materials	8,413	-	753	9,166
Miscellaneous	146	-	-	146
Capital expenditures	1,096	-	-	1,096
Total expenditures	<u>55,107</u>	<u>1,621</u>	<u>30,137</u>	<u>86,865</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,317	1,463	35,897	44,677
OTHER FINANCING SOURCES				
Net interest income	<u>171</u>	<u>33</u>	<u>487</u>	<u>691</u>
NET CHANGE IN FUND BALANCES	7,488	1,496	36,384	45,368
FUND BALANCES, BEGINNING OF YEAR (RESTATED, SEE NOTE 12)				
	<u>80,947</u>	<u>16,471</u>	<u>242,929</u>	<u>340,347</u>
FUND BALANCES, END OF YEAR	<u>\$ 88,435</u>	<u>\$ 17,967</u>	<u>\$ 279,313</u>	<u>\$ 385,715</u>

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9

SCHEDULE 9

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Distributive	Payroll Clearing	Regional Board of Trustees	County School Facility Sales Tax	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 215,782	\$ 443	\$ -	\$ 216,225
LIABILITIES					
Accounts payable and accrued expenses	-	215,782	-	-	215,782
Due to other governmental agencies	-	-	443	-	443
TOTAL LIABILITIES	\$ -	\$ 215,782	\$ 443	\$ -	\$ 216,225

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 10

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 92	\$ 5,396,146	\$ 5,396,238	\$ -
LIABILITIES				
Due to other governmental agencies	\$ 92	\$ 5,396,146	\$ 5,396,238	\$ -
<u>PAYROLL CLEARING</u>				
ASSETS				
Cash and cash equivalents	\$ 174,433	\$ 7,830,180	\$ 7,788,831	\$ 215,782
LIABILITIES				
Accounts payable and accrued expenses	\$ 174,433	\$ 7,830,180	\$ 7,788,831	\$ 215,782
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ 162	\$ 1,000	\$ 719	\$ 443
LIABILITIES				
Due to other governmental agencies	\$ 162	\$ 1,000	\$ 719	\$ 443
<u>COUNTY SCHOOL FACILITY SALES TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 124	\$ 16,923,131	\$ 16,923,255	\$ -
LIABILITIES				
Due to other governmental agencies	\$ 124	\$ 16,923,131	\$ 16,923,255	\$ -
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 174,811	\$ 30,150,457	\$ 30,109,043	\$ 216,225
LIABILITIES				
Accounts payable and accrued expenses	174,433	7,830,180	7,788,831	215,782
Due to other governmental agencies	378	22,320,277	22,320,212	443
Total Liabilities	\$ 174,811	\$ 30,150,457	\$ 30,109,043	\$ 216,225

CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 11

	Regional Office of Education No. 9	Rural Champaign Co. Special Education Center	Champaign County School Districts	Total
Distributive Interest	\$ 178	\$ 11	\$ -	\$ 189
County School Facility Sales Tax	-	-	16,923,255	16,923,255
General State Aid	649,556	-	-	649,556
Special Ed. - Personnel	-	699,436	-	699,436
State Free Lunch & Breakfast	1,288	-	-	1,288
School Breakfast Incentive	30	-	-	30
ROE School Bus Training	960	-	-	960
Truants Alternative / Optional Education	43,698	-	-	43,698
Regional Safe Schools	181,077	-	-	181,077
Early Childhood - Block Grant - 00	-	541,816	-	541,816
Early Childhood - Block Grant - 01	-	71,098	-	71,098
Early Childhood - Block Grant - 70	-	161,994	-	161,994
ROE/ISC Operations	129,884	-	-	129,884
Technology - Learning Technology Center	273,899	-	-	273,899
Teacher Mentoring Pilot Program	68,627	-	-	68,627
Statewide System of Support	990,000	-	-	990,000
National School Lunch Program	24,130	-	-	24,130
School Breakfast Program	5,509	-	-	5,509
Reading First Part B SEA Funds	9,950	-	-	9,950
Title I - Migrant Education	45,456	-	-	45,456
Title IV - 21st Century Community Learning Centers	160,127	-	-	160,127
Fed. - Sp. Ed. Preschool Flow Through	-	38,271	-	38,271
Fed. - Sp. Ed. I.D.E.A. Flow Through	-	611,985	-	611,985
ARRA - Title I School Improvement	152,700	-	-	152,700
ARRA - Fed. - Sp. Ed.- Preschool	-	32,200	-	32,200
ARRA - Fed. - Sp. Ed.- IDEA - Flow Through	-	478,591	-	478,591
ARRA - General State Aid	23,767	-	-	23,767
	<u>\$ 2,760,836</u>	<u>\$ 2,635,402</u>	<u>\$ 16,923,255</u>	<u>\$ 22,319,493</u>

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 12

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2011 Expenditures
TITLE I, PART A CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
Title I Grants to Local Educational Agencies, Recovery Act Passed-Through Illinois State Board of Education <i>ARRA - Title I School Improvement and Accountability</i>	(M) 84.389A	2010-4854-00	<u>\$ 240,549</u>
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) Passed-Through Iroquois/Kankakee Regional Office of Education No. 32 <i>Title I School Improvement and Accountability</i>	(M) 84.010A	2011-4331-SS	<u>244,154</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 484,703</u>
TOTAL TITLE I, PART A CLUSTER			<u>\$ 484,703</u>
EDUCATION FOR HOMELESS CHILDREN AND YOUTH CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
Education for Homeless Children and Youth, Recovery Act Passed-Through Iroquois/Kankakee Regional Office of Education No. 32 <i>ARRA - McKinney Education for Homeless Children</i>	84.387A	2010-4862-00	<u>\$ 4,000</u>
Education for Homeless Children and Youth Passed-Through Iroquois/Kankakee Regional Office of Education No. 32 <i>McKinney Education for Homeless Children</i>	84.196A	2011-4920-00	<u>23,355</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 27,355</u>
TOTAL EDUCATION FOR HOMELESS CHILDREN AND YOUTH CLUSTER			<u>\$ 27,355</u>
CHILD NUTRITION CLUSTER:			
<u>DEPARTMENT OF AGRICULTURE</u>			
School Breakfast Program Passed-Through Illinois State Board of Education <i>School Breakfast Program</i>	10.553	2011-4220-00	<u>\$ 6,477</u>
National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch Program</i>	10.555	2011-4210-00	<u>27,215</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 33,692</u>
TOTAL CHILD NUTRITION CLUSTER			<u>\$ 33,692</u>
OTHER PROGRAMS:			
<u>DEPARTMENT OF EDUCATION</u>			
Migrant Education_State Grant Program Passed-Through Illinois State Board of Education <i>Migrant Education</i>	84.011A	2011-4340-00	<u>\$ 45,456</u>

The accompanying notes are an integral part of this schedule.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

**SCHEDULE 12
(CONTINUED)**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2011 Expenditures
OTHER PROGRAMS: (CONTINUED)			
<u>DEPARTMENT OF EDUCATION (Continued)</u>			
Twenty-First Century Community Learning Centers Passed-Through Illinois State Board of Education <i>Twenty-First Century Community Learning Centers</i>	(M) 84.287C	2010-4421-10	70,525
<i>Twenty-First Century Community Learning Centers</i>	(M) 84.287C	2011-4421-10	104,345
			<u>174,870</u>
Reading First State Grants Passed-Through Illinois State Board of Education <i>Title I- Reading First Part B SEA</i>	84.357A	2010-4337-00	\$ 28,070
Passed-Through Vermillion County Regional Office of Education No. 54 <i>Title I- Reading First Part B SEA</i>	84.357A	2010-4337-00	10,234
			<u>38,304</u>
Education Jobs Fund, Recovery Act Passed-Through Illinois State Board of Education <i>ARRA Education Jobs Fund Program</i>	84.410A	2011-4880-93	59,142
Safe and Drug-Free Schools and Communities_State Grants Passed-Through Illinois Department of Human Services <i>Department of Children & Family Services Grant</i>	84.186	3730189011	66,622
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 384,394</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Teen Reach Grant</i>	93.558	82001440H	\$ 109,000
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 109,000</u>
<u>DEPARTMENT OF LABOR</u>			
WIA Youth Activities Passed-Through Champaign Consortium <i>WIA Youth Program</i>	17.259	09-1YS-9003-SYEP	\$ 87,975
TOTAL DEPARTMENT OF LABOR			<u>\$ 87,975</u>
TOTAL OTHER PROGRAMS			<u>\$ 581,369</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,127,119</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Champaign/Ford Counties Regional Office of Education No. 9 (ROE No. 9) and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Description of Federal Programs Audited as a Major Program

Title I, Part A Cluster: Title I Grants to Local Educational Agencies, Recovery Act / Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - These programs provide area schools/districts who have not met Adequate Yearly Progress (AYP) with assistance in planning, professional development, data analysis and in implementing school improvement and corrective action in order to improve instruction in an effort to meet AYP in subsequent years.

Twenty First Century Grant Learning Centers - This program provides academic enrichment opportunities during non-school hours for high school students who attend high-poverty and low-performing schools. This program also helps students meet State and local student standards in core academic subjects; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

Note 3. Subrecipients

The ROE No. 9 provided federal awards totaling \$136,576 to the following:

Subrecipients	Title I School Improvement & Accountability (CFDA No. 84.010A)	ARRA Title I School Improvement & Accountability (CFDA No. 84.389A)	Total
Champaign CUSD No. 4	\$ 63,248	\$ 9,000	\$ 72,248
Danville District No. 118	10,698	708	11,406
Rantoul City SD No. 137	3,875	10,871	14,746
Various school districts	3,170	35,006	38,176
Total	\$ 80,991	\$ 55,585	\$ 136,576

**CHAMPAIGN/FORD COUNTIES REGIONAL OFFICE OF EDUCATION NO. 9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 4. Non-Cash Assistance

The ROE No. 9 did not receive any federal non-cash assistance.

Note 5. Loans and Insurance

There were no federal awards received or disbursed by the ROE No. 9 for the purpose of loans or insurance.