

**State of Illinois**  
**PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the Year Ended June 30, 2008**

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
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 June 30, 2008

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PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

OFFICIALS

Regional Superintendent  
(Current and during the Audit Period)

Mr. Gerald M. Brookhart

Assistant Regional Superintendent  
(Current and during the Audit Period)

Dr. Jeffry B. Nelson

Offices are located at:

Peoria County Regional Office of Education  
324 Main Street  
Peoria, IL 61602

Two Rivers & Area III  
10112 W. Dubois Rd.  
Edwards, IL 61528

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
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	8	6
Repeated audit findings	4	4
Prior recommendations implemented or not repeated	2	0

An additional matter which is less than a significant deficiency or material weakness but more than inconsequential, has been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, this issue may have been included as an immaterial finding in the auditors' reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
08-1	12a	Inadequate Internal Controls Over Financial Reporting	Significant Deficiency
08-2	12d	Lack of Adequate Policies and Procedures over Certain Administrative Functions	Material Weakness
08-3	12g	Controls Over Financial Statement Preparation	Material Weakness
08-4	12i	Controls over Compliance with Laws and Regulations	Compliance
08-5	12j	Inadequate Controls over Property and Equipment	Significant Deficiency

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
COMPLIANCE REPORT SUMMARY (Concluded)

08-6	12l	Accrual of Payroll Liabilities	Significant Deficiency
08-7	12m	Interest Income Allocation	Compliance

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

08-2	12d	Lack of Adequate Policies and Procedures over Certain Administrative Functions	Material Weakness
08-7	12m	Interest Income Allocation	Compliance
08-8	13a	Unallowable Costs Charged to Federal Programs	Compliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

07-2	15	Expenditure Reports not Submitted Timely
07-5	15	Lack of Cost Allocation Plan

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

07-2	15	Expenditure Reports not Submitted Timely
07-5	15	Lack of Cost Allocation Plan

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on January 9, 2009. Attending were Gerald Brookhart, Regional Superintendent, Jeffry Nelson, Assistant Regional Superintendent, and Timothy G. Bryan, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Gerald Brookhart, Regional Superintendent.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Peoria County Regional Office of Education #48 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2008, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Peoria County Regional Office of Education #48's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of June 30, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated (to be determined), on our consideration of the Peoria County Regional Office of Education #48's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16f, and 51 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 Peoria County Regional Office of Education #48's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurer's and Other Entities 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 Treasurer's and Other Entities, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
June 26, 2009

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 Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2008, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting, 08-1, 08-2, 08-3, 08-5, and 08-6.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider items 08-2 and 08-3 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peoria County Regional Office of Education #48'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 08-4 and 08-7.

We also noted certain matters which we have reported to management of the Peoria County Regional Office of Education #48 in a separate letter dated June 26, 2009.

Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's responses and, accordingly, express no opinion on them.

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
June 26, 2009

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of the Peoria County Regional Office of Education #48 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Peoria County Regional Office of Education #48's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Peoria County Regional Office of Education #48's management. Our responsibility is to express an opinion on the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's compliance with those requirements.

In our opinion, Peoria County Regional Office of Education #48 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 08-7 and 08-8.

Internal Control Over Compliance

The management of the Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48's internal control over compliance with requirements that could

have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Peoria County Regional Office of Education #48's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-02 to be a material weakness.

Peoria County Regional Office of Education #48's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Peoria County Regional Office of Education #48's responses and, accordingly, express no opinion on them.

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
June 26, 2009

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30,2008

**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
● Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	Title I School Improvement and Accountability
84.357B	Title I Reading First Part B SEA

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

Auditee qualified as a low-risk auditee? No

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding No. 08-1– Inadequate Internal Controls Over Financial Reporting**

**Criteria/Specific Requirement:**

The Regional Office of Education is required to maintain a system of controls over the financial reporting process to be able to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles (GAAP).

**Condition:**

The Regional Office of Education #48 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- 1) We found one instance in our testing of 40 general disbursements where the check written was not supported by the proper documentation.
- 2) In obtaining our understanding of internal controls, we discovered a payroll check where there was not a valid contract signed by the Regional Superintendent to support the payroll expenditure.
- 3) We found one instance in our testing of 40 disbursements where the expenditure was misclassified and the error was not caught by the independent reviewer.
- 4) There is a lack of segregation of duties related to the cash receipts function. The same individual opens the mail, posts cash receipts to the general ledger, initiates the bank transfers, and reconciles the bank accounts. ROE personnel also do not prepare a listing of cash receipts for an independent reviewer to reconcile to the deposit slip.
- 5) There are numerous accounting processes including bank reconciliations, direct deposits received from the State, summary payroll reports, and payroll tax returns where there is no documentation of review.
- 6) We found a lack of segregation of duties in the payroll function. We found that the payroll clerk is not given positive confirmation of the salaries to pay out each pay period. The payroll clerk also prepares and distributes all payroll checks.
- 7) There are segregation of duties and internal control weaknesses in the cash disbursements function. Copies of purchase orders are not maintained in order to agree what is actually received to what was ordered. We also found that the same person prepares and mails checks once they have been signed. In addition, there is no review of invoices for accuracy and appropriate account coding by a person independent of check preparation.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial misstatements or possible fraudulent activity in a timely manner. The ROE also may not be in compliance with laws, regulations, and contract provisions.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-1– Inadequate Internal Controls Over Financial Reporting (Continued)**

**Cause:**

The Regional Office of Education #48 did not consistently implement established internal controls. Regional Office personnel are also not aware of what duties should be segregated in order to have a more effective process.

**Recommendation:**

The Regional Office has attempted to segregate some of the accounting responsibilities, but there are areas that should be improved. In order to correct the deficiencies noted above, the Regional Office personnel should do the following:

- 1) Review the control processes that are currently in place with personnel so that they are well informed of their responsibilities to adequately document expenditures.
- 2) Ensure that payroll contracts exist for all employees of the Regional Office and ensure they are current and in accordance with laws, regulations, and contract provisions.
- 3) Review the control processes that are currently in place with personnel so they are well informed of their responsibilities for proper classification of expenditures.
- 4) Review job descriptions to determine how to best segregate the duties within the cash receipts function.
- 5) Develop procedures to have an independent review of bank reconciliations, direct deposits received from the State, summary payroll reports and payroll tax returns.
- 6) Review job descriptions to determine how to best segregate the duties within the payroll function.
- 7) Review job descriptions to determine how to best segregate all duties within the cash disbursements function.

The Regional Office should ensure that either their in-house staff obtain the necessary skills with regards to defining and implementing internal controls or consider hiring a professional consultant or an individual with an appropriate level of accounting expertise and experience working with governmental and fund accounting to oversee the accounting and internal control system of the Regional Office of Education.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-1-- Inadequate Internal Controls Over Financial Reporting (Concluded)**

**Management Response:**

As recommended by the auditor, the Peoria Regional Office of Education #48 (ROE #48) will consider hiring an individual with an appropriate level of accounting expertise and experience working with governmental and fund accounting to oversee the accounting and internal control system of the Regional Office. We have, in fact, already contacted two individuals with such expertise who might be interested in acting in this capacity; however, the affordability of implementing this action may become a serious issue. We have also contacted the Peoria County Auditor, on the other hand, who has agreed to share CPA personnel trained in these areas to help our in-house staff define and implement internal controls. We have already begun a monthly process of reviewing and accomplishing each of the seven points listed above with all in-house staff and administrators. Each of these points will be satisfactorily completed within the 2009 fiscal year.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-2 --Lack of Adequate Policies and Procedures Over Certain Administrative Functions**

**Federal Program Name:** Title I School Improvement and Accountability

**Project #:** 2008-4331-SS

**CFDA#:** 84.010A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/Specific Requirement:**

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office must incorporate certain administrative policies and procedures into their operations in order to comply with the grant agreements with these entities. In addition, as an employer, the Regional Office must incorporate policies and procedures in their operations in order to meet the requirements of the Illinois Department of Revenue, the Illinois Department of Employment Security, and the Internal Revenue Service. Finally, the Regional Office must have written policies and procedures for employees to follow in order to be in compliance with State statutes.

**Condition:**

- 1) During our review of internal control procedures, an employee file was found that did not have the following required forms: I-9, W-4, Employment application, evidence of a background check, and authorization for deductions. These files were obtained at the initial date of hire, but they have not been carried forward with the employee's current file. In addition, the employee personnel files are not kept in a locked area.
- 2) The Regional Office does not have an employee manual or code of conduct for all employees. In addition, the current operating manual was prepared in 1991 and has not been updated. The Regional Office has undergone significant changes in both organization and compliance requirements since that time.
- 3) There are also some employment contracts that are out-dated and are between the Education Service Region (ESR) and related employee. ESRs no longer exist by statute. ESRs and ESCs were merged into the Regional Offices of Education over 10 years ago. In addition, the contracts state the employee is not an employee of the ESR when in fact the employee is an employee of the newer Regional Offices.
- 4) The Regional Office is not reconciling expenditure reports submitted to the Illinois State Board of Education to the general ledger to determine that they are accurate. This is a vital process that ensures the Regional Office is in compliance with the respective grant agreement expenditure restrictions.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-2 – Lack of Adequate Policies and Procedures Over Certain Administrative Functions (Continued)**

- 5) The Regional Office is required to account for each individual program's activity as individual funds for accounting purposes. The Regional Office created an additional fund to keep track of their portion of funds from the Title I – School Improvement and Accountability program and the Coordination and Services Grant program and transferred \$288,993 and \$43,407, respectively, to this account. Expenditure reports to ISBE were inaccurate because the ROE classified the transfer of these funds as "payments to subrecipients" rather than classifying the transactions in the specific expenditure categories where the funds were used.

**Questioned Costs:**

\$288,993 for Title I School Improvement and Accountability

**Context:**

The Regional Office #48 receives federal funding from the State to support school improvement services for schools in academic difficulty. A large portion of this money is given to other Regional Offices to support their activities within the program, and the rest is the Regional Office #48's portion. During the year, the Regional Office #48 created an internal fund to account for their portion of this federal money. This caused the Regional Office #48 to incorrectly report expenditures to the State because the Regional Office did not account for the money that was transferred to the internal fund correctly. The money transferred was classified as "payments to subrecipients" when it should have been classified in the specific expenditure categories where the funds were used.

**Effect:**

The Regional Office does not have adequate administrative policies and procedures in place to demonstrate compliance with grant agreements and State statutes.

**Cause:**

The Regional Office is not well informed of the full requirements of these agencies.

**Recommendation:**

The Regional Office personnel responsible for employee relations should review all guidelines issued by each agency they are required to comply with. In order to address the reported noncompliance, the Regional Office personnel should:

- 1) Review the Circular E published by the Internal Revenue Service to determine the appropriate documentation needed for every employee's personnel file.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-2 – Lack of Adequate Policies and Procedures Over Certain Administrative Functions (Concluded)**

- 2) Develop both an employee manual and operating manual that is current and addresses all of the compliance requirements applicable to the ROEs.
- 3) Review all standard employee contracts for all programs and update them for the current ROE organizational structure.
- 4) Implement a control procedure where all expenditure reports are compared to the general ledger to ensure accuracy before submitting them to the granting agency.
- 5) Ensure that in future fiscal years that there are not any funds created that are not directly associated with a program. Expenditure reports should accurately reflect the activity within a program.

**Management's Response:**

The Peoria County Regional Office of Education #48 will comply with all the reporting requirements of the various state and federal regulatory agencies. We will review the guidelines issued by these agencies with respect to employee relations, particularly regarding employee files, policy manuals and contracts. As noted in points 1-3 above, we have begun to update all operating manuals, contracts and employee files to comply with legal requirements. This will be completed by the end of fiscal year 2009. We have also implemented a control procedure where all expenditure reports are compared to the general ledger to ensure accuracy before submitting them to the State, as noted in point 4 above. Also, beginning this fiscal year we will ensure that there are not any funds created that are not directly associated with a program, as noted in point 5 above.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-3 –Controls Over Financial Statement Preparation (Repeat of Finding 07-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education #48 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #48 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, not all entries were made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues.
- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.

**Effect:**

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

**Cause:**

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-3 –Controls Over Financial Statement Preparation (Repeat of Finding 07-1)  
(Concluded)**

**Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #48 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Peoria County Regional Office of Education #48 will implement a comprehensive preparation and review procedure to ensure that the financial statements, including disclosures, are complete and accurate. As mentioned in Finding No. 08-1, we are currently exploring the hiring of an individual with the necessary expertise to help us accomplish this task, assuming finances are available for this purpose. Further, we intend to use the aforementioned CPA personnel from the Peoria County Auditor's office to help us in this area as well.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-4 – Control over Compliance with Laws and Regulations (Repeat of Finding 07-4)**

**Criteria/Specific Requirement:**

The Illinois School Code (105 ILCS 5/3-12) states that all certificate registration fees and a portion of renewal and duplicate fees shall be deposited into the Institute Fund and shall be used by the Regional Superintendent to: a) defray expenses associated with the work of the regional professional development review committees; (b) to advise the Regional Superintendent, upon his or her request, and to hear appeals relating to the renewal of teaching certificates; c) to defray expenses connected with improving the technology necessary for the efficient processing of certificates d) to defray expenses incidental to teachers' institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers; or e) for the purpose of defraying the expense of any general or special meeting of teachers or school personnel of the region, which has been approved by the Regional Superintendent.

**Condition:**

We found in 6 of 25 disbursements (24%) tested the expenditure was for items outside those allowable by statute. We also found one disbursement out of 40 from our general disbursements testing that was inappropriately paid from the Institute Fund. The expenditures not in compliance with statute included: \$3,500 in consultant fees, \$339.28 in travel costs, \$484.80 in supplies, and \$40 in unrelated meeting expenses.

**Effect:**

The Regional Office of Education did not comply with statutory requirements.

**Cause:**

According to the Regional Office, they were not aware of the specific requirements of this statute.

**Recommendation:**

The Regional Superintendent and his staff should ensure that future expenditures from the Institute Fund are in compliance with 105 ILCS 5/3-12.

**Management's Response:**

Regional Superintendent and staff of the Peoria Regional Office of Education #48 will ensure that eligibility of future expenditures from the Institute Fund are in compliance with 105 ILCS 5/3-12 and upon advice of legal counsel.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-5 –Inadequate Controls Over Property and Equipment (Repeat of Finding 07-3 and 06-2)**

**Criteria/Specific Requirement:**

The Regional Office of Education (ROE) policy is to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes for fixed assets costing \$500 or more and that have a useful life of greater than one year. Generally Accepted Accounting Principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained. In addition, the ROE is required to keep track of each asset by program in order to be in compliance with grantors.

**Condition:**

Numerous issues were found with fixed asset reporting during our testing of the fixed assets within the Regional Office.

- 1) The Regional Office disposed of 11 fixed assets totaling \$11,828.18 that were not removed from the inventory listing.
- 2) The Regional Office had not assigned useful lives to 428 assets. Due to this omission, the Regional Office miscalculated depreciation on these fixed assets.
- 3) Thirteen assets purchased in prior years did not have costs assigned.
- 4) The fixed asset listing did not clearly label each of the assets as to the source of the program funds that were used.

**Effect:**

An incomplete fixed asset listing does not provide an adequate basis for physical control and losses may occur without being detected. Inaccurate recording of the book value of fixed assets and depreciation expense can cause the financial statements to be materially misstated. Also, any assets that are required to be returned to the grantor after the end of the program can not accurately be identified.

**Cause:**

Regional Office personnel have not been adequately trained to understand the standards associated with fixed asset reporting.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-5 – Inadequate Controls Over Property and Equipment (Repeat of Finding 07-3)  
(Concluded)**

**Recommendation:**

The Regional Office should maintain a separate listing of assets that are disposed of, and periodically update the fixed asset listing to eliminate the disposed assets. The Regional Office should also ensure that each fixed asset addition is appropriately recorded in the listing and that each required attribute, such as useful life and cost, is included in the listing in accordance with the established policy. If a purchase cost is not applicable to the asset, then the estimated fair market value at the date of acquisition should be recorded. The Regional Office should also prepare listings of fixed assets by program. We also recommend that the Regional Office personnel involved with fixed asset reporting review the ROE Accounting Manual to learn and understand the standards involved with fixed asset reporting.

**Management's Response:**

The Peoria County Regional Office of Education #48 will, with assistance from CPA personnel from the Peoria County Auditor's office, accomplish each of the recommended tasks listed above. We are also researching appropriate fixed asset accounting system software, which we intend to purchase in order to reorganize our current records and properly record and maintain an inventory of all our fixed assets and depreciation schedules in the future.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-6 – Accrual of Payroll Liabilities**

**Criteria/Specific Requirement:**

According to generally accepted accounting principles, all employees' wages, bonuses, and salaries for services rendered in the current fiscal year for which paychecks will be issued in the following fiscal year, must be accrued at the end of the current fiscal year.

**Condition:**

The Regional Office of Education #48 recorded and printed payroll checks totaling \$25,181 in the month of June. The checks were to cover salaries due for the months that school is not in session. The Regional Office holds these checks and distributes them throughout the summer months every two weeks. A payroll liability should have been recorded in the financial statements rather than printing the checks early.

**Effect:**

The Regional Office understated their cash balance and payroll liabilities by \$25,181 at the end of the fiscal year.

**Cause:**

The Regional Office of Education #48's bookkeeping staff lack the training and understanding of generally accepted accounting principles regarding payroll accruals at fiscal year end.

**Recommendation:**

The Regional Office should accrue a payroll liability at the end of the fiscal year to record the salaries owed for the summer months. The Regional Office should also employ a controller with substantial training in and experience with governmental generally accepted accounting principles, to oversee the bookkeepers and prepare required journal entries.

**Management's Response:**

The Peoria County Regional Office of Education #48 will accrue a payroll liability at the end of the fiscal year to record the salaries owed for the summer months. We intend to use CPA personnel from the Peoria County Auditor's office to oversee our bookkeepers and help prepare required journal entries.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-7 – Interest Income Allocation (Repeat of Finding 07-6)**

**Federal Program Name :** Title I – Reading First Part B SEA Funds

**Project #:** 2008-4337-00

**CFDA#:** 84.357A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Federal Program Name:** Title I School Improvement and Accountability

**Project #:** 2008-4331-SS

**CFDA#:** 84.010A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Federal Program Name:** Title II – Teacher Quality Leadership Grant

**Project #:** 2008-4935-SS

**CFDA#:** 84.367A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Federal Program Name:** Mathematics & Science Partnerships

**Project #:** 2008-4936-00

**CFDA#:** 84.366B

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Federal Program Name:** IDEA – Improvement Grants – Part D

**Project #:** 2008-4631-RC

**CFDA#:** 84.323A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Federal Program Name:** Standard Aligned Classroom – Statewide Professional Development

**Project #:** 2008-4999-00

**CFDA#:** 84.010A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/Specific Requirement:**

Once interest earned on grant funds is allocated to the appropriate source of funds, certain rules apply to the expenditure of that interest. Unless the grant agreement specifically addresses the interest issue and provides otherwise, the following rules would apply:

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-7 – Interest Income Allocation (Repeat of Finding 07-6) (Continued)**

- The Grant Funds Recovery Act (30 ILCS 705/1 et seq.) states that interest earned on grant funds becomes part of the grant principal and is treated accordingly for all purposes unless the grant agreement and/or the grant regulations apply otherwise. The Act further states that any grant funds not expended (or legally obligated) by the end of the grant period must be returned to the grantor. This applies to State and federal grants.
- Generally, federal rules supersede those of the State (for federal grants only). If a federal rule allows different treatment of interest, then the federal rule would be followed.
- Federal cash management requirements state that grantees and sub grantees shall minimize the time elapsed between the receipt of funds and the expenditure of those funds. The accumulation of interest would indicate excess cash on hand.
- U.S. Department of Education (USDE) regulations appear in 34 Code of Federal Regulations (CFR). Part 80 of 34 CFR is titled “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.” It is also known as the “Common Rule” because most federal agencies have adopted it in their regulations. The “Common Rule” states that annual interest earned in excess of \$100 on advances of funds must be submitted promptly to the granting agency. The \$100 may be spent on administrative costs. Those administrative costs must be for that grant and within that grant period. Some grants may be exempt from the “Common Rule”.
- Interest earned on source of funds that are not grants but are set up by statute must be allocated to the source of funds and expended for the same purpose. However, unlike grants, this interest does not have to be expended within any given period of time unless statute, regulations, or contract state otherwise.

**Condition:**

The Regional Office of Education #48 did not appropriately expend interest income during the fiscal year. The Regional Office records interest earned in a separate General Fund account, and then distributes it out to the program fund that earned the interest (this process began in February 2008. Prior to that, no interest was allocated.) The expenditure detail, for transactions prior to February 2008, was reviewed for this General Fund account, and expenditures were made for administrative items such as bank fees and attorney costs that are not specifically related to the program that earned the interest. In addition, the Regional Office did not appropriately monitor the interest allocated to their programs after the February 2008 change in procedure. Numerous funds earned interest over \$100, and no liability was recorded for interest due back to the State or the respective grantor.

**Questioned Costs:**

The costs cannot be readily determinable in whole due to the Regional Office of Education not preparing monthly interest allocations for the months of July 2007 through January of 2008.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**Finding No. 08-7 – Interest Income Allocation (Repeat of Finding 07-6) (Concluded)**

**Context:**

The Regional Office of Education started to allocate interest earned on their various programs beginning February of 2008. Any interest earned from July 1, 2007 through January 31, 2008 has not been allocated. The interest that was allocated starting in February through June 30, 2008 was not reviewed to determine if any interest over \$100 earned per program is due back to the grantor.

**Effect:**

A lack of monitoring of interest earned on excess funds for programs may result in unallowable expenditures and noncompliance with State and federal statutes and regulations. The Regional Office is also significantly understating their liability for interest income that is due back to grantors.

**Cause:**

The Regional Office's bookkeeping staff lacks the training and understanding of compliance rules in order to appropriately monitor any interest earnings from programs, expenditures paid with those earnings, and any refunds that are due back to the grantor.

**Recommendation:**

We recommend that the Regional Office of Education develop a plan to appropriately expend interest earned on programs in accordance with the contract regulations. The Regional Office should also track interest income earned over \$100 for individual programs so that it can be returned to the appropriate granting agency. The Regional Office should ensure that its controller has adequate and necessary training and experience with the various State and federal compliance requirements and will monitor interest income earned to ensure that it is being accounted for appropriately.

**Management's Response:**

The Peoria County Regional Office of Education #48 will develop a plan to appropriately expend interest earned on programs in accordance with the contract regulations and will track interest income earned over \$100 for individual programs so that it can be returned to the appropriate granting agency. Assuming we are successful in hiring an individual with appropriate experience in governmental and fund accounting, as mentioned in Finding No. 08-1, that person will monitor interest income earned to ensure that it is being accounted for appropriately. Otherwise, we will ask for assistance from CPA personnel from the Peoria County Auditor's office for this purpose.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

**SECTION III – FEDERAL AWARD FINDINGS**

**Finding No. 08-8 – Unallowable Costs Charged to Federal Programs**

**Federal Program Name:** Title I School Improvement and Accountability  
Title I - Reading First Part B SEA Funds

**Project #:** 2008-4331-SS and 2008-4337-00 respectively

**CFDA#:** 84.010A and 84.357A respectively

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/Specific Requirement:**

To be allowable under federal awards, costs must meet the following general criteria under Circular A-87:

- a) Be necessary and reasonable for the performance and administration of federal awards.
- b) Be allocable to federal awards under the provisions of A-87.
- c) Be authorized or not prohibited under State or local laws or regulations.
- d) Conform to any limitations or exclusions set forth in A-87, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items.
- e) Be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit.
- f) Be adequately documented.

**Condition:**

During our compliance testing of these specific federal programs, we found:

- 1 disbursement out of 40 tested in each program (a total of 80 tested) that was not authorized according to Circular A-87;
- 4 disbursements did not have adequate documentation; and
- 7 disbursements were incurred during the fiscal year of 2008, but were not recorded as accounts payable in accordance with generally accepted accounting principles.

**Questioned Costs:**

Condition: Unauthorized under A-87

Questioned Costs: \$43.30 for Title I School Improvement and Accountability

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**Finding No. 08-8 – Unallowable Costs Charged to Federal Program (Concluded)**

Condition: Inadequate Documentation

Questioned Costs: \$3,919.11 for Title I School Improvement and Accountability and  
\$2,335.95 for Title I - Reading First Part B SEA Funds

Condition: Improper Period

Questioned Costs: \$12,184.65 for Title I School Improvement and Accountability

**Context:**

We tested the Title I School Improvement and Accountability Grant and the Title I - Reading First Part B SEA Funds as major programs during the fiscal year 2008. As part of the compliance audit program, we selected 40 disbursements for each program (for a total of 80 tested) and reviewed the invoices for compliance with the programs. The Regional Office received a total of \$1,281,012 for the Title I School Improvement and Accountability Program and a total of \$250,301 for the Title I – Reading First Part B SEA Funds.

**Effect:**

The Regional Office of Education #48 is not in compliance with the requirements of these federal programs.

**Cause:**

The Regional Office personnel does not have adequate training and knowledge to establish sufficient internal control procedures that would detect noncompliance with their programs.

**Recommendation:**

The Regional Office should develop and implement procedures that will ensure compliance with their federal programs. We recommend that Circular A-87 be reviewed by all personnel involved with charging costs to federal programs. The ROE should ensure its controller has adequate and necessary training and accounting background to review invoice support for proper classification, proper support, compliance with federal award requirements and compliance with generally accepted accounting principles.

**Management's Response:**

The Peoria County Regional Office of Education #48 will implement and develop procedures that will ensure compliance with their federal programs. Our administrators and bookkeepers involved with charging costs to federal programs will review Circular A-87. As mentioned in Finding No. 08-1, we are currently exploring the hiring of an individual with the necessary expertise to help us accomplish this task, assuming finances are available for this purpose. Further, we intend to use the aforementioned CPA personnel from the Peoria County Auditor's office to help us in this area as well.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

**INSTANCES OF NONCOMPLIANCE:**

**Finding No. 08-7 – Interest Income Allocation** (details on p. 12m-12o)

**Finding No. 08-8 – Unallowable Costs Charged to Federal Program** (details on p. 13a-13b)

**MATERIAL WEAKNESSES:**

**Finding No. 08-2 – Lack of Adequate Policies and Procedures Over Certain Administrative Functions** (details on p. 12d-12f)

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan**

**Finding No. 08-1– Inadequate Internal Controls Over Financial Reporting**

**Condition:**

The Regional Office of Education #48 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- 1) We found one instance in our testing of 40 general disbursements where the check written was not supported by the proper documentation.
- 2) In obtaining our understanding of internal controls, we discovered a payroll check where there was not a valid contract signed by the Regional Superintendent to support the payroll expenditure.
- 3) We found one instance in our testing of 40 disbursements where the expenditure was misclassified and the error was not caught by the independent reviewer.
- 4) There is a lack of segregation of duties related to the cash receipts function. The same individual opens the mail, posts cash receipts to the general ledger, initiates the bank transfers, and reconciles the bank accounts. ROE personnel also do not prepare a listing of cash receipts for an independent reviewer to reconcile to the deposit slip.
- 5) There are numerous accounting processes including bank reconciliations, direct deposits received from the State, summary payroll reports, and payroll tax returns where there is no documentation of review.
- 6) We found a lack of segregation of duties in the payroll function. We found that the payroll clerk is not given positive confirmation of the salaries to pay out each pay period. The payroll clerk also prepares and distributes all payroll checks.
- 7) There are segregation of duties and internal control weaknesses in the cash disbursements function. Copies of purchase orders are not maintained in order to agree what is actually received to what was ordered. We also found that the same person prepares and mails checks once they have been signed. In addition, there is no review of invoices for accuracy and appropriate account coding by a person independent of check preparation.

**Plan:**

As recommended by the auditor, the Peoria Regional Office of Education #48 (ROE #48) will consider hiring an individual with an appropriate level of accounting expertise and experience working with governmental and fund accounting to oversee the accounting and internal control system of the Regional Office. We have, in fact, already contacted two individuals with such expertise who might be interested in acting in this capacity; however, the affordability of implementing this action may become a serious issue. We have also contacted the Peoria County Auditor, on the other hand, who has agreed to share CPA personnel trained in these areas to help our in-house staff define and implement internal controls. We have already begun a monthly process of reviewing and accomplishing each of the seven points listed above with all in-house staff and administrators. Each of these points will be satisfactorily completed within the 2009 fiscal year.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-1– Inadequate Internal Controls Over Financial Reporting (Concluded)**

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-2 –Lack of Adequate Policies and Procedures Over Certain Administrative Functions**

**Condition:**

- 1) During our review of internal control procedures, an employee file was found that did not have the following required forms: I-9, W-4, Employment application, evidence of a background check, and authorization for deductions. These files were obtained at the initial date of hire, but they have not been carried forward with the employee's current file. In addition, the employee personnel files are not kept in a locked area.
- 2) The Regional Office does not have an employee manual or code of conduct for all employees. In addition, the current operating manual was prepared in 1991 and has not been updated. The Regional Office has undergone significant changes in both organization and compliance requirements since that time.
- 3) There are also some employment contracts that are out-dated and are between the Education Service Region (ESR) and related employee. ESRs no longer exist by statute. ESRs and ESCs were merged into the Regional Offices of Education over 10 years ago. In addition, the contracts state the employee is not an employee of the ESR when in fact the employee is an employee of the newer Regional Offices.
- 4) The Regional Office is not reconciling expenditure reports submitted to the Illinois State Board of Education to the general ledger to determine that they are accurate. This is a vital process that ensures the Regional Office is in compliance with the respective grant agreement expenditure restrictions.
- 5) The Regional Office is required to account for each individual program's activity as individual funds for accounting purposes. The Regional Office created an additional fund to keep track of their portion of funds from the Title I – School Improvement and Accountability program and the Coordination and Services Grant program and transferred \$288,993 and \$43,407, respectively, to this account. Expenditure reports to ISBE were inaccurate because the ROE classified the transfer of these funds as "payments to subrecipients" rather than classifying the transactions in the specific expenditure categories where the funds were used.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-2 –Lack of Adequate Policies and Procedures Over Certain Administrative Functions (Concluded)**

**Plan:**

The Peoria County Regional Office of Education #48 will comply with all the reporting requirements of the various state and federal regulatory agencies. We will review the guidelines issued by these agencies with respect to employee relations, particularly regarding employee files, policy manuals and contracts. As noted in points 1-3 above, we have begun to update all operating manuals, contracts and employee files to comply with legal requirements. This will be completed by the end of fiscal year 2009. We have also implemented a control procedure where all expenditure reports are compared to the general ledger to ensure accuracy before submitting them to the State, as noted in point 4 above. Also, beginning this fiscal year we will ensure that there are not any funds created that are not directly associated with a program, as noted in point 5 above.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-3 –Controls Over Financial Statement Preparation (Repeat of Finding 07-1)**

**Condition:**

The Regional Office of Education #48 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, not all entries were made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues.
- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.

**Plan:**

The Peoria County Regional Office of Education #48 will implement a comprehensive preparation and review procedure to ensure that the financial statements, including disclosures, are complete and accurate. As mentioned in Finding No. 08-1, we are currently exploring the hiring of an individual with the necessary expertise to help us accomplish this task, assuming finances are available for this purpose. Further, we intend to use the aforementioned CPA personnel from the Peoria County Auditor's office to help us in this area as well.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-4 – Control over Compliance with Laws and Regulations  
(Repeat of Finding 07-4)**

**Condition:**

We found in 6 of 25 disbursements (24%) tested the expenditure was for items outside those allowable by statute. We also found one disbursement out of 40 from our general disbursements testing that was inappropriately paid from the Institute Fund. The expenditures not in compliance with statute included: \$3,500 in consultant fees, \$339.28 in travel costs, \$484.80 in supplies, and \$40 in unrelated meeting expenses.

**Plan:**

Regional Superintendent and staff of the Peoria Regional Office of Education #48 will ensure that eligibility of future expenditures from the Institute Fund are in compliance with 105 ILCS 5/3-12 and upon advice of legal counsel.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-5 –Inadequate Controls Over Property and Equipment  
(Repeat of Finding 07-3 and 06-2)**

**Condition:**

Numerous issues were found with fixed asset reporting during our testing of the fixed assets within the Regional Office.

- 1) The Regional Office disposed of 11 fixed assets totaling \$11,828.18 that were not removed from the inventory listing.
- 2) The Regional Office had not assigned useful lives to 428 assets. Due to this omission, the Regional Office miscalculated depreciation on these fixed assets.
- 3) Thirteen assets purchased in prior years did not have costs assigned.
- 4) The fixed asset listing did not clearly label each of the assets as to the source of the program funds that were used.

**Plan:**

The Peoria County Regional Office of Education #48 will, with assistance from CPA personnel from the Peoria County Auditor's office, accomplish each of the recommended tasks listed above. We are also researching appropriate fixed asset accounting system software, which we intend to purchase in order to reorganize our current records and properly record and maintain an inventory of all our fixed assets and depreciation schedules in the future.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-6 – Accrual of Payroll Liabilities**

**Condition:**

The Regional Office of Education #48 recorded and printed payroll checks totaling \$25,181 in the month of June. The checks were to cover salaries due for the months that school is not in session. The Regional Office holds these checks and distributes them throughout the summer months every two weeks. A payroll liability should have been recorded in the financial statements rather than printing the checks early.

**Plan:**

The Peoria County Regional Office of Education #48 will accrue a payroll liability at the end of the fiscal year to record the salaries owed for the summer months. We intend to use CPA personnel from the Peoria County Auditor's office to oversee our bookkeepers and help prepare required journal entries.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Continued)**

**Finding No. 08-7 – Interest Income Allocation (Repeat of Finding 07-6)**

**Condition:**

The Regional Office of Education #48 did not appropriately expend interest income during the fiscal year. The Regional Office records interest earned in a separate General Fund account, and then distributes it out to the program fund that earned the interest (this process began in February 2008. Prior to that, no interest was allocated.) The expenditure detail, for transactions prior to February 2008, was reviewed for this General Fund account, and expenditures were made for administrative items such as bank fees and attorney costs that are not specifically related to the program that earned the interest. In addition, the Regional Office did not appropriately monitor the interest allocated to their programs after the February 2008 change in procedure. Numerous funds earned interest over \$100, and no liability was recorded for interest due back to the State or the respective grantor.

**Plan:**

The Peoria County Regional Office of Education #48 will develop a plan to appropriately expend interest earned on programs in accordance with the contract regulations and will track interest income earned over \$100 for individual programs so that it can be returned to the appropriate granting agency. Assuming we are successful in hiring an individual with appropriate experience in governmental and fund accounting, as mentioned in Finding No. 08-1, that person will monitor interest income earned to ensure that it is being accounted for appropriately. Otherwise, we will ask for assistance from CPA personnel from the Peoria County Auditor's office for this purpose.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008

**Corrective Action Plan (Concluded)**

**Finding No. 08-8 – Unallowable Costs Charged to Federal Programs**

**Condition:**

During our compliance testing of these specific federal programs, we found:

- 1 disbursement out of 40 tested in each program (a total of 80 tested) that was not authorized according to Circular A-87;
- 4 disbursements did not have adequate documentation; and
- 7 disbursements were incurred during the fiscal year of 2008, but were not recorded as accounts payable in accordance with generally accepted accounting principles.

**Plan:**

The Peoria County Regional Office of Education #48 will implement and develop procedures that will ensure compliance with their federal programs. Our administrators and bookkeepers involved with charging costs to federal programs will review Circular A-87. As mentioned in Finding No. 08-1, we are currently exploring the hiring of an individual with the necessary expertise to help us accomplish this task, assuming finances are available for this purpose. Further, we intend to use the aforementioned CPA personnel from the Peoria County Auditor's office to help us in this area as well.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
07-1	Controls Over Financial Statement Preparation	Repeated as Finding 08-3
07-2	Expenditure Reports Not Submitted Timely	Not Repeated
07-3	Inadequate Controls Over Property and Equipment	Repeated as Finding 08-5
07-4	Controls Over Compliance with Laws and Regulations	Repeated as Finding 08-4
07-5	Lack of Cost Allocation Plan	Not Repeated
07-6	Failure to Allocate Interest Earned	Repeated as Finding 08-7

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

The Regional Office of Education #48 for the County of Peoria 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 2008 that ended on June 30, 2008. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

**2008 FINANCIAL HIGHLIGHTS**

- Within the Governmental Funds, the General Fund revenues decreased by \$502,997 from \$1,338,336 in fiscal year 2007 to \$835,339 in fiscal year 2008. General Fund expenditures decreased by \$473,084 from \$1,327,595 in fiscal year 2007 to \$854,511 in fiscal year 2008. The majority of the revenue and expenditure decreases are due to a reduction in state revenue and subsequent reduction in payments to other governmental units by the Regional Office.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$1,331,422 from \$4,241,660 in fiscal year 2007 to \$5,573,082 in fiscal year 2008. The Special Revenue Fund expenditures increased by \$1,301,248 from \$4,284,789 in fiscal year 2007 to \$5,586,037 in fiscal year 2008. The majority of the revenue and expenditure increases are due to significant increases in both state and federal grant funds within the Education Fund and the subsequent increases in services provided in those specific areas by the Regional Office.

**USING THIS REPORT**

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

## **REPORTING THE OFFICE AS A WHOLE**

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

The government-wide statements report information about the Regional Office of Education #48 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

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

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

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

The fund financial statements provide detailed information about the Peoria County Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #48 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #48 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.

- 3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has one enterprise fund, the Local Workshops Fund.

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

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

**OFFICE-WIDE FINANCIAL STATEMENTS**

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2008 totaled \$1,358,098. At the end of fiscal year 2007, the net assets were \$1,333,397. Net assets related to the Institute Fund are considered restricted for teacher professional development. The analysis that follows provides a summary of the Office's net assets as of June 30, 2008 and June 30, 2007, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 1,732,555	\$ 2,725,951	\$ 492,549	\$ 541,840	\$ 2,225,104	\$ 3,267,791
Capital assets	265,404	292,547	25,248	-	290,652	292,547
Total assets	<u>1,997,959</u>	<u>3,018,498</u>	<u>517,797</u>	<u>541,840</u>	<u>2,515,756</u>	<u>3,560,338</u>
Current liabilities	1,157,658	2,225,680	-	1,261	1,157,658	2,226,941
Total liabilities	<u>1,157,658</u>	<u>2,225,680</u>	<u>-</u>	<u>1,261</u>	<u>1,157,658</u>	<u>2,226,941</u>
Net assets:						
Invested in capital assets, net of related debt	265,404	292,547	25,248	-	290,652	292,547
Unrestricted	498,526	463,083	492,549	540,579	991,075	1,003,662
Restricted for teacher professional development	76,371	37,188	-	-	76,371	37,188
Total net assets	<u>\$ 840,301</u>	<u>\$ 792,818</u>	<u>\$ 517,797</u>	<u>\$ 540,579</u>	<u>\$ 1,358,098</u>	<u>\$ 1,333,397</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

The Peoria County Regional Office of Education's net assets increased by \$24,701 from FY07. This relatively small increase occurred primarily as a result of a prior period adjustment. Without considering this adjustment Net Assets would have decreased. This decrease related to the ROE using its reserves to fund additional program expenses.

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 254,343	\$ 123,344	\$ 254,343	\$ 123,344
Operating grants and contributions	4,932,505	3,730,393	-	-	4,932,505	3,730,393
General revenues						
Local sources	412,430	240,792	-	-	412,430	240,792
State sources	401,152	1,011,634	-	-	401,152	1,011,634
Investment earnings	38,936	28,873	49,820	81,425	88,756	110,298
On behalf payments - state	410,381	306,632	-	-	410,381	306,632
On behalf payments - local	251,953	261,672	-	-	251,953	261,672
Transfers	13,622	(31,216)	(13,622)	31,216	-	-
Total revenues	<u>\$ 6,460,979</u>	<u>\$ 5,548,780</u>	<u>\$ 290,541</u>	<u>\$ 235,985</u>	<u>\$ 6,751,520</u>	<u>\$ 5,784,765</u>
Expenses:						
Program expenses						
Salaries and benefits	\$ 1,888,320	\$ 1,406,718	\$ 134,435	\$ 89,842	\$ 2,022,755	\$ 1,496,560
Purchased services	1,679,433	1,066,825	168,868	78,657	1,848,301	1,145,482
Supplies and materials	648,975	428,314	7,033	16,746	656,008	445,060
Payments to other governments	1,453,098	1,992,500	24,849	1,108	1,477,947	1,993,608
Capital outlay	-	(36,290)	-	33,730	-	(2,560)
Depreciation expense	107,646	96,839	6,834	-	114,480	96,839
Other objects	27,885	39,152	1,251	18,570	29,136	57,722
Administrative expenses						
On-behalf payments - Local	251,953	261,672	-	-	251,953	261,672
On-behalf payments - State	410,381	306,632	-	-	410,381	306,632
Total expenses	<u>\$ 6,467,691</u>	<u>\$ 5,562,362</u>	<u>\$ 343,270</u>	<u>\$ 238,653</u>	<u>\$ 6,810,961</u>	<u>\$ 5,801,015</u>
Change in net assets	\$ (6,712)	\$ (13,582)	\$ (52,729)	\$ (2,668)	\$ (59,441)	\$ (16,250)
Prior period adjustment	54,195	49,942	29,947	-	84,142	49,942
Net assets beginning of year	792,818	756,458	540,579	543,247	1,333,397	1,299,705
Net assets end of year	<u>\$ 840,301</u>	<u>\$ 792,818</u>	<u>\$ 517,797</u>	<u>\$ 540,579</u>	<u>\$ 1,358,098</u>	<u>\$ 1,333,397</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

**Governmental Activities**

Revenues for governmental activities were \$6,460,979 and expenses were \$6,467,691 for the year ended June 30, 2008. Revenues for governmental activities were \$5,548,780 and expenses were \$5,562,362 for the year ended June 30, 2007. These increases in revenues and expenditures are due primarily to increases in operating grants within the Education Fund and subsequent increases in services provided in those specific areas by the Regional Office.

**Financial analysis of the Peoria County Regional Office of Education #48 Funds**

As previously noted, the Peoria County Regional Office of Education #48 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$574,897 at June 30, 2008 compared to fiscal year 2007's ending fund balance of \$554,466 (as restated). The majority of this increase is due to increases in state and federal grant funding within the Education Fund.

**Budgetary Highlights**

The Peoria County Regional Office of Education #48 annually adopts budgets for several funds. The Institute Fund Budget, the Direct Services Budget and the Special Funds Budget are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the Peoria County Board for their approval. The Office Operations Budget covers a fiscal year that runs from January 1 to December 31. All grant budgets are prepared by the Peoria County Regional Office of Education #48 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

**Capital Assets**

Capital Assets of the Peoria County Regional Office of Education #48 include office equipment, computers, audio-visual equipment, and office furniture. The Peoria County Regional Office of Education #48 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2008, Peoria County Regional Office of Education #48 purchased assets totaling \$82,638, deleted assets totaling \$14,528 and reclassified assets totaling \$33,725, resulting in an ending balance of \$725,462. In addition, the Peoria County Regional Office of Education #48 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 6 of the financial statements

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

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

At the time these financial statements were prepared and audited, the Peoria County Regional Office of Education #48 was aware of several existing circumstances that could affect its financial health in the future:

- The interest rate on cash accounts has dropped significantly and will impact interest earned.
- The Standards Aligned Classroom grant will be reduced by approximately \$300,000 for FY'09
- The Regional Office has been notified that the large Pre-school For All (PFA) competitive grant will be fully funded again for FY'09.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact The Regional Superintendent of the Peoria County Regional Office of Education #48 at 324 Main St., Room 401, Peoria, IL 61602.

BASIC FINANCIAL STATEMENTS

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,296,250	\$ 448,973	\$ 1,745,223
Due from other governments:			
Local	2,041	43,576	45,617
State	72,696	-	72,696
Federal	361,568	-	361,568
Total Current Assets	<u>1,732,555</u>	<u>492,549</u>	<u>2,225,104</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	265,404	25,248	290,652
Total Noncurrent Assets	<u>265,404</u>	<u>25,248</u>	<u>290,652</u>
<b>TOTAL ASSETS</b>	<u>1,997,959</u>	<u>517,797</u>	<u>2,515,756</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	121,840	-	121,840
Accrued payroll and employee benefits	26,306	-	26,306
Deferred revenue	1,009,512	-	1,009,512
Total Current Liabilities	<u>1,157,658</u>	<u>-</u>	<u>1,157,658</u>
<b>TOTAL LIABILITIES</b>	<u>1,157,658</u>	<u>-</u>	<u>1,157,658</u>
<b>NET ASSETS</b>			
Invested in capital assets	265,404	25,248	290,652
Restricted for teacher professional development	76,371	-	76,371
Unrestricted	498,526	492,549	991,075
<b>TOTAL NET ASSETS</b>	<u>\$ 840,301</u>	<u>\$ 517,797</u>	<u>\$ 1,358,098</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for		Governmental Activities	Primary Government	
		Services	Contributions		Business-Type Activities	Total
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
<b>Instructional Services:</b>						
Salaries and benefits	\$ 1,888,320	\$ -	\$ 1,529,017	\$ (359,303)	\$ -	\$ (359,303)
Purchased services	1,679,433	-	1,284,026	(395,407)	-	(395,407)
Supplies and materials	648,975	-	618,782	(30,193)	-	(30,193)
Other objects	27,885	-	-	(27,885)	-	(27,885)
Depreciation	107,646	-	-	(107,646)	-	(107,646)
Capital outlay	-	-	80,503	80,503	-	80,503
Payments to other governments	1,453,098	-	1,420,177	(32,921)	-	(32,921)
<b>Administrative:</b>						
On-behalf payments - Local	251,953	-	-	(251,953)	-	(251,953)
On-behalf payments - State	410,381	-	-	(410,381)	-	(410,381)
<b>Total Governmental Activities</b>	<b>6,467,691</b>	<b>-</b>	<b>4,932,505</b>	<b>(1,535,186)</b>	<b>-</b>	<b>(1,535,186)</b>
<b>Business-type activities:</b>						
Local workshops	336,436	254,343	-	-	(82,093)	(82,093)
Depreciation	6,834	-	-	-	(6,834)	(6,834)
<b>Total Business-type Activities</b>	<b>343,270</b>	<b>254,343</b>	<b>-</b>	<b>-</b>	<b>(88,927)</b>	<b>(88,927)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,810,961</b>	<b>\$ 254,343</b>	<b>\$ 4,932,505</b>	<b>(1,535,186)</b>	<b>(88,927)</b>	<b>(1,624,113)</b>
<b>GENERAL REVENUES:</b>						
Local sources				412,430	-	412,430
State sources				401,152	-	401,152
On-behalf payments - Local				251,953	-	251,953
On-behalf payments - State				410,381	-	410,381
Investment earnings				38,936	49,820	88,756
Transfers				13,622	(13,622)	-
Total General Revenues and Transfers				1,528,474	36,198	1,564,672
<b>CHANGE IN NET ASSETS</b>				<b>(6,712)</b>	<b>(52,729)</b>	<b>(59,441)</b>
<b>NET ASSETS - BEGINNING (Restated, See Note 12)</b>				<b>847,013</b>	<b>570,526</b>	<b>1,417,539</b>
<b>NET ASSETS - ENDING</b>				<b>\$ 840,301</b>	<b>\$ 517,797</b>	<b>\$ 1,358,098</b>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 72,692	\$ 948,356	\$ 275,202	\$ -	\$ 1,296,250
Due from other funds	67,405	-	-	(67,405)	-
Due from other governments:					
Local	-	555	1,486	-	2,041
State	-	72,696	-	-	72,696
Federal	-	361,568	-	-	361,568
<b>TOTAL ASSETS</b>	<b>\$ 140,097</b>	<b>\$ 1,383,175</b>	<b>\$ 276,688</b>	<b>\$ (67,405)</b>	<b>\$ 1,732,555</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 121,840	\$ -	\$ -	\$ 121,840
Accrued payroll and employee benefits	-	26,306	-	-	26,306
Due to other funds	-	67,405	-	(67,405)	-
Deferred revenue	-	1,009,512	-	-	1,009,512
<b>Total Liabilities</b>	<b>-</b>	<b>1,225,063</b>	<b>-</b>	<b>(67,405)</b>	<b>1,157,658</b>
<b>Fund Balances:</b>					
<b>Unreserved, reported in:</b>					
General fund	140,097	-	-	-	140,097
Special revenue funds	-	158,112	276,688	-	434,800
<b>Total Fund Balances</b>	<b>140,097</b>	<b>158,112</b>	<b>276,688</b>	<b>-</b>	<b>574,897</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 140,097</b>	<b>\$ 1,383,175</b>	<b>\$ 276,688</b>	<b>\$ (67,405)</b>	<b>\$ 1,732,555</b>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 574,897

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

Capital assets used in governmental activities are not  
financial resources and therefore, are not reported in the funds. 265,404

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 840,301

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 2,785	\$ 147,043	\$ 262,602	\$ -	\$ 412,430
State sources	170,220	2,023,664	2,450	-	2,196,334
Federal sources	-	3,137,323	-	-	3,137,323
On-behalf payments - Local	251,953	-	-	-	251,953
On-behalf payments - State	410,381	-	-	-	410,381
Total Revenues	<u>835,339</u>	<u>5,308,030</u>	<u>265,052</u>	<u>-</u>	<u>6,408,421</u>
<b>EXPENDITURES</b>					
Instructional Services					
Salaries and benefits	97,497	1,789,032	1,791	-	1,888,320
Purchased services	68,415	1,404,616	206,402	-	1,679,433
Supplies and materials	6,618	632,007	10,350	-	648,975
Other objects	19,647	8,238	-	-	27,885
Payments to other governments	-	1,444,255	8,843	-	1,453,098
On-behalf payments - Local	251,953	-	-	-	251,953
On-behalf payments - State	410,381	-	-	-	410,381
Capital outlay	-	80,503	-	-	80,503
Total Expenditures	<u>854,511</u>	<u>5,358,651</u>	<u>227,386</u>	<u>-</u>	<u>6,440,548</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(19,172)</u>	<u>(50,621)</u>	<u>37,666</u>	<u>-</u>	<u>(32,127)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	33,667	1,505	(1,505)	33,667
Transfer out	-	(20,045)	(1,505)	1,505	(20,045)
Interest	15,016	20,233	3,687	-	38,936
Net Other Sources and Uses of Financing Resources	<u>15,016</u>	<u>33,855</u>	<u>3,687</u>	<u>-</u>	<u>52,558</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,156)	(16,766)	41,353	-	20,431
<b>FUND BALANCES - BEGINNING (Restated, See Note 12)</b>	<u>144,253</u>	<u>174,878</u>	<u>235,335</u>	<u>-</u>	<u>554,466</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 140,097</u>	<u>\$ 158,112</u>	<u>\$ 276,688</u>	<u>\$ -</u>	<u>\$ 574,897</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES \$ 20,431

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

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

Capital outlay	\$ 80,503	
Depreciation expense	<u>(107,646)</u>	<u>(27,143)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (6,712)

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2008

	Business-Type Activities - Enterprise Fund Local Workshops	Totals
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 448,973	\$ 448,973
Due from other governments - Local	43,576	43,576
Total Current Assets	492,549	492,549
Noncurrent assets:		
Capital assets, net of accumulated depreciation	25,248	25,248
Total Noncurrent Assets	25,248	25,248
TOTAL ASSETS	517,797	517,797
 <b>NET ASSETS</b>		
Invested in capital assets	25,248	25,248
Unrestricted	492,549	492,549
TOTAL NET ASSETS	\$ 517,797	\$ 517,797

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities— Enterprise Fund</u>	
	<u>Local Workshops</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 254,343	\$ 254,343
Total Operating Revenues	<u>254,343</u>	<u>254,343</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	134,435	134,435
Purchased services	168,868	168,868
Supplies and materials	7,033	7,033
Payments to other governments	24,849	24,849
Other objects	1,251	1,251
Depreciation	6,834	6,834
Total Operating Expenses	<u>343,270</u>	<u>343,270</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(88,927)</u>	<u>(88,927)</u>
<b>NONOPERATING REVENUE</b>		
Interest income	49,820	49,820
Total Nonoperating Revenue	<u>49,820</u>	<u>49,820</u>
<b>Income (Loss) Before Other Financing Sources (Uses)</b>	<u>(39,107)</u>	<u>(39,107)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	20,045	20,045
Transfers out	<u>(33,667)</u>	<u>(33,667)</u>
Total Other Financing Sources and (Uses)	<u>(13,622)</u>	<u>(13,622)</u>
<b>CHANGE IN NET ASSETS</b>	(52,729)	(52,729)
<b>TOTAL NET ASSETS - BEGINNING - (Restated, See Note 12)</b>	<u>570,526</u>	<u>570,526</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 517,797</u>	<u>\$ 517,797</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF CASH FLOW  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities— Enterprise Fund		Local Workshops		Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$	237,774		\$	237,774
Payments to suppliers and providers of goods and services		(203,262)			(203,262)
Payments to employees		(134,435)			(134,435)
		(99,923)			(99,923)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets		(2,135)			(2,135)
		(2,135)			(2,135)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on investments		49,820			49,820
		49,820			49,820
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash transfer from other funds		20,045			20,045
Cash transfer to other funds		(33,667)			(33,667)
		(13,622)			(13,622)
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(65,860)			(65,860)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>		514,833			514,833
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$	448,973		\$	448,973
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$	(88,927)		\$	(88,927)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities:					
Depreciation		6,834			6,834
Change in assets and liabilities:					
Increase in due from other governments		(23,001)			(23,001)
Decrease in due from other funds		6,432			6,432
Decrease in accounts payable		(1,261)			(1,261)
<b>NET CASH (USED FOR) OPERATING ACTIVITIES</b>	\$	(99,923)		\$	(99,923)

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$          14,229</u>
LIABILITIES	
Due to other governments	<u>\$          14,229</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Peoria County Regional Office of Education #48 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2008, the Peoria County Regional Office of Education #48 implemented Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. The Peoria County Regional Office of Education #48 implemented these standards during the current year; however, GASB Statement No. 48 had no impact on the financial statements.

A. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of 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 Peoria County Regional Office of Education #48's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Peoria County Regional Office of Education #48, 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.

For the period ended June 30, 2008, the Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Peoria County Regional Office of Education #48 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Peoria County Regional Office of Education #48 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Peoria County Regional Office of Education #48, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Peoria County Regional Office of Education #48 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Peoria County Regional Office of Education #48 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Peoria County Regional Office of Education #48 is not aware of any entity, which would exercise such oversight as to result in the Peoria County Regional Office of Education #48 being considered a component unit of the entity.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Peoria County Regional Office of Education #48's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Peoria County Regional Office of Education #48 has one business-type activity which is the Local Workshop Fund, which accounts for fees that are charged for various workshops and conferences that provide staff development for educators in central and west central Illinois.

The Peoria County Regional Office of Education #48's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Peoria County Regional Office of Education #48 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Peoria County Regional Office of Education #48's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Peoria County Regional Office of Education #48; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Peoria County Regional Office of Education #48 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Peoria County Regional Office of Education #48's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

Certain 2007 amounts within the Education Fund have been reclassified to conform to the 2008 presentation. In prior years, Spring Celebration (formerly Arts in Education), Jail Library, Secretary, and Lincoln Senior Award funds were reported as education funds, however, they are reported as nonmajor special revenue funds for 2008.

G. FUND ACCOUNTING

The Peoria County Regional Office of Education #48 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Peoria County Regional Office of Education #48 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Peoria County Regional Office of Education #48 has presented all major funds that met the above qualifications. The Peoria County Regional Office of Education #48 reports the following major governmental funds:

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Administrative Interest Fund - To account for interest earned on local, education for employment, and target fund accounts.

ROE/ISC Operations - To account for the administration of the Two Rivers Professional Development Center, which provides staff training and development and school improvement services. Revenue is provided by the State of Illinois.

ROE Local Fund - To account for transition money received from the State of Illinois. Transition monies are the monies paid by the State of Illinois to ROEs affected by the closing of the Educational Service Centers following the merger of various ROEs.

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

Education - The Education Fund includes proceeds for various grants supporting education enhancement programs as follows:

Adult Education Basic and Performance - To account for State and federal monies received for educational programs for incarcerated persons.

Upward Generated and SOS (formerly Secretary of State Literacy) - To account for local monies received to promote adult literacy.

Communities for Youth Truants Alternative - To account for monies received for programs leading to a high school diploma for students with truancy problems.

McKinney-Vento Education for Homeless Children and Youth - To account for monies received to provide information to schools, community members and government entities about the educational rights of homeless students.

Peoria County (formerly Peoria City/Schools Education Liason) - To account for monies received to support and enhance the education of the citizenry of Peoria.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

ROE Reorganization Incentive - To account for monies received for expenditures associated with feasibility studies on transportation, facilities, curriculum, finance, enrollment, staffing, demographics, extra-curriculum activities, and recommendations on the reorganization.

Learn and Serve America - To account for monies received to encourage and support the use of service learning as a teaching methodology in the elementary and secondary schools of Illinois.

Title I School Improvement and Accountability - To account for monies received from the State (federal dollars) to support school improvement services for Title I schools in academic difficulty.

Title II Teacher Quality Leadership - To account for monies received from the State (federal dollars) to support school improvement services for schools in academic difficulty.

Title I Reading First Part B SEA (formerly Reading First) - To account for monies received from the State (federal dollars) for expenditures incurred providing reading assistance to Reading First districts and buildings.

Coordination and Services Grant - To account for monies received from the State to support school improvement services for schools in academic difficulty.

Mathematics and Science Partnership - To account for monies received from the State (federal dollars) for expenditures incurred providing math/science grant workshops and services.

Special Education Regional Professional Development Center (RDPC) - To account for monies received from the State (federal dollars) for expenditures incurred to combine professional development in response to intervention, standards aligned classroom, and reading literacy to improve intervention with children.

Aspire - To deliver professional development based on the following initiatives: response to intervention, standards-aligned classroom, and reading literacy.

Illinois Department of Public Health - To account for monies received from the State for expenditures incurred in providing teachers with information about asthma.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Socially Emotional Learning - To account for monies received to identify and implement teams that will develop a framework for the integration of SEL Standards and other mental health initiatives.

Preschool for All Children - To account for monies from the State for expenditures incurred to make voluntary preschool available to all 3 and 4 year olds in an effort to help those children prepare for kindergarten and their school career.

Preschool for All Liason - To account for monies received to provide accountability for Preschool for All programs to achieve the program standards during the implementation process and maintain those standards as they mature.

Standards Aligned Classroom - Statewide Professional Development - To account for monies received from Regional Office of Education #11 for expenditures for State Standard Aligned Classroom initiatives and salaries.

Principal Mentoring - To provide an experienced mentor to all principals new to the profession within Illinois public schools.

Learning Technology Center - To account for monies received from the State of Illinois for expenditures incurred in providing a technology support system for Regional Offices of Education in 20 surrounding counties. The following accounts are included in the Learning Technology Center:

General Operations - To account for monies received to provide a technology support system for area school districts.

Technical Training and Support - To account for monies received to provide training and professional development to area educators.

Education Technology Competitive Grant - To account for monies received to provide staff development and resources to area educators.

The Peoria County Regional Office of Education #48 reports the following nonmajor governmental funds:

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

Institute (formerly Teacher's Institute) - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Food Co op - To account for the Regional Office of Education's administration of food programs for the schools participating in the co op.

Arts Opportunities - To account for contributions received and related to expenditures for the art opportunities program.

General Education Development - To account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Directory - To account for the collection and distribution of funds used for advertising space in the school directory.

Hospital Tutoring - State laws require that hospitalized students receive tutoring. To handle the related transactions, including the receipt of the bills from the hospitals, billing the appropriate schools, receiving payment from the schools, and remitting payments to the hospitals.

Office of Prevention - To account for monies used to create a "library" of substance abuse and violence prevention materials which directs a 40 percent portion of Title IV grants from 15 Peoria County school districts to Peoria County Sheriff for use in the D.A.R.E. program.

Pleasant Valley - To account for monies received from Pleasant Valley School for expenditures incurred providing professional development support and assistance.

Jail Library - To account for local monies received to provide a librarian at the Peoria County Jail.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

Secretary - To account for local monies received to provide an additional secretary for the Regional Office.

Lincoln Senior Award - To account for local monies received to provide Abraham Lincoln Awards to sixteen high school students.

Bus Driver Training (formerly Bus Driver) - This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Spring Celebration (formerly Arts in Education) - To account for monies received for a program designed to offer students in grades K-12 the opportunity to perform, exhibit, and demonstrate their abilities in the Fine Arts and Applied Arts.

Title II Co op (formerly Local Math and Science Cooperative) – To account for monies spent to enhance math and science instruction within participating schools.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Peoria County Regional Office of Education #48 on a cost reimbursement basis are reported.

Enterprise Fund – The Regional Office of Education’s enterprise fund is the Local Workshops Fund. This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the Peoria County Regional Office of Education #48 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Concluded)

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

Regional Board of School Trustees – To account for the proceeds and related costs from the sale of school properties within the Regional Office of Education.

Central Illinois Science Educators (C.I.S.E.) – To account for the receipts and disbursements of the C.I.S.E. This account is maintained for the convenience of the C.I.S.E.

Criminal Background Checks - To account for the pass-through of monies from various school districts to agencies to conduct criminal background checks on substitute teachers.

Interest on Distributive Fund – Interest on the distributive fund is transferred semi-annually to recipients.

H. NET ASSETS

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

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

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

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

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Peoria County Regional Office of Education #48 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. INVENTORY

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

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more 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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5-10 years
Computer Equipment	3 – 5 years
Other Equipment	5-20 years

L. 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, and therefore, no liability is accrued.

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.

M. ESTIMATES

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. BUDGET INFORMATION

The Peoria County Regional Office of Education #48 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Adult Education Basic, Adult Education Performance, Upward SOS, Communities for Youth and Truants Alternative, McKinney-Vento Education for Homeless Children and Youth, Learn and Serve America, Learning Technology Center General Operations, Title I School Improvement and Accountability, Title II Teacher Quality Leadership, Title I Reading First Part B SEA, Coordination and Services Grant, Mathematics & Science Partnership, Special Education Regional Professional Development Center (RDPC), Preschool for All Children, and Standards Aligned Classroom – Statewide Professional Development.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Peoria County Regional Office of Education #48 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

A. DEPOSITS

At June 30, 2008, the carrying amount of the Peoria County Regional Office of Education #48's government-wide and Agency fund deposits were \$1,745,223 and \$14,229, respectively, and the bank balances were \$1,976,700 and \$14,666, respectively. Of the total bank balances as of June 30, 2008, \$200,000 was secured by federal depository insurance and \$1,791,366 was collateralized by securities pledged by the Peoria County Regional Office of Education #48's financial institution on behalf of the Regional Office. Included in the bank balance is \$1,800,271 invested in the Illinois School District Liquid Asset Fund Plus.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Peoria County Regional Office of Education #48 does not have a formal investment policy, but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an external investment pool organized and existing under the laws of the State of Illinois. The Illinois Association of School Boards, the Illinois Association of School Administrators and the Illinois Association of School Business Officials serve as the sponsors of ISDLAF+. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission.

The most recent money market rating issued by Standard and Poors was AAAM. Portfolio securities are valued using the amortized cost method of valuation. This method involves valuing each investment at cost on the date of purchase and assuming a constant amortization to maturity of any discount or premium. Amortized cost valuation provides certainty in valuation, but may result in valuations that are higher or lower than the market price of a particular portfolio security. The Regional Office of Education has elected to invest in the Multi-Class Series, which tries to maintain a stable net asset value of \$1.00 per share.

CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Regional Office of Education will not be able to recover the value of its investments that are in possession of an outside party. As of June 30, 2008, all deposits in excess of FDIC insurance were collateralized with securities held by the pledging banks trust department.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #48's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #48'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 online at [www.imrf.org](http://www.imrf.org).

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

**Funding Policy.** As set by statute, the Peoria County Regional Office of Education #48’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 5.03 percent of annual covered payroll. The Peoria County Regional Office of Education #48 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost.** For 2007, the Peoria County Regional Office of Education #48’s annual pension cost of \$12,326 was equal to the Peoria County Regional Office of Education #48’s required and actual contributions.

A. TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/07	12,326	100%	\$0
12/31/06	1,435	100%	0
12/31/05	1,383	100%	0

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, 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 10.0% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Peoria County Regional Office of Education #48’s Regular plan’s overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

**Funded Status and Funding Progress.** As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 96.64 percent funded. The actuarial accrued liability for benefits was \$233,778 and the actuarial value of assets was \$225,917, resulting in an underfunded actuarial accrued liability (UAAL) of \$7,861. The covered payroll (annual payroll of active employees covered by the plan) was \$245,061 and the ratio of the UAAL to the covered payroll was 3 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.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

The Peoria County Regional Office of Education #48’s participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The State of Illinois maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system’s administration.

TRS members include all active 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, 2008, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active contribution rate was also 9.4% for the years ended June 30, 2007 and 2006. In addition, virtually all members pay a contribution to the Teacher’s Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Peoria County Regional Office of Education #48’s TRS-covered employees.

**On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Peoria County Regional Office of Education #48. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Peoria County Regional Office of Education #48 recognized revenue and expenditures of \$174,614 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings were 9.78 percent (\$106,785) and 7.06 percent (\$58,693), respectively. The state contributions to TRS for the year ended June 30, 2008 were based on an actuarial formula. The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined.

The Peoria County Regional Office of Education #48 makes other types of employer contributions directly to TRS.

**2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2008 were \$7,732. Contributions for the years ending June 30, 2007 and June 30, 2006, were \$6,333 and \$4,822, respectively.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Peoria County Regional Office of Education #48, there is a statutory requirement for the Peoria County Regional Office of Education #48 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, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2007 and 2006, the employer pension contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2008 salaries totaling \$79,983 were paid from federal and special trust funds that required employer contributions of \$10,486. For the years ended June 30, 2007 and June 30, 2006, required Peoria County Regional Office of Education #48 contributions were \$6,802 and \$6,496, respectively.

**Early Retirement Option.** The Peoria County Regional Office of Education #48 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member’s highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2008, the Peoria County Regional Office of Education #48 paid no employer contributions to TRS under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2007 and June 30, 2006, the Peoria County Regional Office of Education #48 paid no employer ERO contributions.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS. If the Peoria County Regional Office of Education #48 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Peoria County Regional Office of Education #48 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 increase of up to 6 percent. For the year ended June 30, 2008, the Peoria County Regional Office of Education #48 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007, the Peoria County Regional Office of Education #48 paid no employer contributions due on salary increases in excess of 6 percent.

If the Peoria County Regional Office of Education #48 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Peoria County Regional Office of Education #48 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2008.) For the year ended June 30, 2008, the Peoria County Regional Office of Education #48 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007, the Peoria County Regional Office of Education #48 paid no employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS Comprehensive Annual Financial Report for year ended June 30, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

NOTE 5 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2008 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 – INTERFUND ACTIVITY (Concluded)

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Education Fund	\$ -	\$ 67,405
General Fund	<u>67,405</u>	<u>-</u>
Totals	<u>\$ 67,405</u>	<u>\$ 67,405</u>

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2008 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
<u>Non Major Special Revenue Fund</u>	<u>Non Major Special Revenue Fund</u>	
Lincoln Senior Award	Secretary	\$ 1,505
<u>Proprietary Fund</u>	<u>Education Fund</u>	
Local Workshops	Title I School Improvement and Accountability	20,045
<u>Education Fund</u>	<u>Proprietary Fund</u>	
Special Education RDPC	Local Workshops	9,235
Standards Aligned Classroom – Statewide Professional Development	Local Workshops	<u>24,432</u>
	Total	<u>\$ 55,217</u>

NOTE 6 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Peoria County Regional Office of Education #48 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2008:

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 – CAPITAL ASSET ACTIVITY (Concluded)

	Balance July 1, 2007	Additions	Deletions	Reclassification	Balance June 30, 2008
Governmental Activities:					
<u>General Fund</u>					
ROE Local Fund	\$ 946	\$ -	\$ (946)	\$ -	\$ -
<u>Education Fund</u>					
ROE Technology Grant	9,027	-	(9,027)	-	-
Learning Technology Center	178,470	25,901	-	20,000	224,371
Two Rivers	465,412	54,602	(2,700)	(53,725)	463,589
Adult Education	2,272	-	(630)	-	1,642
<u>Non Major Special Revenue Fund</u>					
Food Co op	817	-	(817)	-	-
Hospital Tutoring	408	-	(408)	-	-
Governmental Activities Total Assets	657,352	80,503	(14,528)	(33,725)	689,602
Less Accumulated Depreciation	(364,805)	(107,646)	14,528	33,725	(424,198)
Governmental Activities Investment in Capital Assets, Net	\$ 292,547	\$ (27,143)	\$ -	\$ -	\$ 265,404
	Balance July 1, 2007	Additions	Deletions	Reclass	Balance June 30, 2008
Business-type Activities:					
Local Workshops	\$ -	\$ 2,135	\$ -	\$ 33,725	\$ 35,860
Business-type Activities Total Assets	-	2,135	-	33,725	35,860
Less Accumulated Depreciation	-	(6,834)	-	(3,778)	(10,612)
Business-type Activities Investment in Capital Assets, Net	\$ -	\$ (4,699)	\$ -	\$ 29,947	\$ 25,248

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2008 of \$107,646 and \$6,834 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation. A prior period adjustment was made in the current year to the Local Workshops fixed assets. See Note 12 for details.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 7 – RISK MANAGEMENT

The Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – OPERATING LEASE

Two Rivers Professional Development Center has three individual lease agreements for their office space at a monthly rent of \$5,772. Each lease is for a period of one year and is renewed on an annual basis.

During the year ended June 30, 2008, rentals under lease obligations were \$69,264.

NOTE 9 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Peoria County Regional Office of Education #48:

Regional Superintendent Salary	\$ 105,781
Assistant Regional Superintendent Salary	95,184
Regional Superintendent Fringe Benefit (Includes State paid insurance)	19,255
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	15,547
TRS Pension contributions	<u>174,614</u>
Total	<u>\$ 410,381</u>

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 9 – ON BEHALF PAYMENTS (Concluded)

Peoria County Regional Office of Education #48’s personnel are paid by Peoria County, Illinois, in accordance with statutes. Employees of programs funded by federal and State grants are paid by the grant funds. Some fixed assets used solely by the Peoria County Regional Office of Education #48 are purchased by Peoria County. Ownership of those fixed assets remains with the County of Peoria and, accordingly, the cost of these assets is not included in the Peoria County Regional Office of Education #48’s financial statements. Peoria County also provides office space and some administrative expenses for the Peoria County Regional Office of Education #48. The following data was calculated based on information provided by Peoria County:

Salaries and Benefits	\$ 206,171
Office Expenses	<u>45,782</u>
 Total	 <u>\$ 251,953</u>

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

The Peoria County Regional Office of Education #48’s Agency Fund, Proprietary Fund, and various grant programs have funds due from various other governmental units which consist of the following:

Due From Other Governments:

<u>Education Fund</u>	
Illinois State Board of Education	\$ 434,344
Local Governments	475
<u>Other Nonmajor Funds</u>	
Local Governments	1,486
<u>Proprietary Fund</u>	
Local Sources	<u>43,576</u>
Total	<u>\$ 479,881</u>

Due to Other Governments:

<u>Fiduciary Fund</u>	
Local School Districts	<u>\$ 14,229</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 11 – RELATED PARTY TRANSACTIONS

The Peoria County Regional Office of Education #48 subleases two groups of buildings from the Regional Coop Board with an annual agreement. Details are provided in Note 8. The Peoria County Regional Office of Education #48 acts as fiscal agent for the Regional Co op Board and the Regional Superintendent is currently a member of its board.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

In the financial statements for the year ended June 30, 2007, an error was made in reporting capital asset additions as capital outlay within the proprietary fund. These assets should have been capitalized and depreciated, rather than fully expensed. These errors have been corrected and have the following effect on the beginning fund balance for the proprietary fund:

	<u>Proprietary Fund</u>
Fund Balance, July 1, 2007	\$ 540,579
Adjustment of capital assets	<u>29,947</u>
Beginning Fund Balance, July 1, 2007, Restated	<u>\$ 570,526</u>

There was also an error within the Title I Reading First Part B SEA Program and the Standard Aligned Classroom – Statewide Professional Development Program. Both of the programs had a deficit fund balance at June 30, 2007. This resulted from both programs over expending their grant reimbursements to date. Either a receivable from the grantor should have been recorded or if the Regional Office was not entitled a reimbursement, then unrestricted funding should have been transferred into the program to cover the deficit. These errors have been corrected and have the following effect on the beginning fund balance for the governmental funds and government-wide governmental activities:

	<u>Governmental Funds</u>
Fund Balance, July 1, 2007	\$ 500,271
Correct the effect of the deficit fund balance	<u>54,195</u>
Beginning Fund Balance, July 1, 2007, Restated	<u>\$ 554,466</u>

	<u>Government-Wide Activities</u>
Fund Balance, July 1, 2007	\$ 792,818
Correct the effect of the deficit fund balance	<u>54,195</u>
Beginning Fund Balance, July 1, 2007, Restated	<u>\$ 847,013</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2008

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 )
12/31/07	\$ 225,917	\$ 233,778	\$ 7,861	96.64%	\$ 245,061	3.21%
12/31/06	215,215	180,267	(34,948)	119.39%	157,715	0.00%
12/31/05	197,013	162,348	(34,665)	121.35%	151,964	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$235,720. On a market basis, the funded ratio would be 100.83%.

\* Digest of changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and early retirements are expected to occur.

OTHER SUPPLEMENTAL INFORMATION

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2008

	Administrative Interest Fund	ROE/ISC Operations	ROE Local Fund	TOTALS
Assets				
Cash and cash equivalents	\$ 10,242	\$ 54,262	\$ 8,188	\$ 72,692
Due from other funds	-	-	67,405	67,405
Total Assets	<u>\$ 10,242</u>	<u>\$ 54,262</u>	<u>\$ 75,593</u>	<u>\$ 140,097</u>
Fund Balances				
Unreserved	\$ 10,242	\$ 54,262	\$ 75,593	\$ 140,097
Total Fund Balances	<u>\$ 10,242</u>	<u>\$ 54,262</u>	<u>\$ 75,593</u>	<u>\$ 140,097</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Administrative Interest Fund	ROE/ISC Operations	ROE Local Fund	TOTALS
<b>Revenues</b>				
Local sources	\$ 2,785	\$ -	\$ -	\$ 2,785
State sources	-	170,220	-	170,220
On-behalf payments - Local	-	-	251,953	251,953
On-behalf payments -State	-	-	410,381	410,381
<b>Total Revenues</b>	<b>2,785</b>	<b>170,220</b>	<b>662,334</b>	<b>835,339</b>
<b>Expenditures</b>				
Salaries and benefits	-	97,497	-	97,497
Purchased services	1,622	66,793	-	68,415
Supplies and materials	-	6,618	-	6,618
Other objects	19,647	-	-	19,647
On-behalf payments - Local	-	-	251,953	251,953
On-behalf payments -State	-	-	410,381	410,381
<b>Total Expenditures</b>	<b>21,269</b>	<b>170,908</b>	<b>662,334</b>	<b>854,511</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(18,484)</b>	<b>(688)</b>	<b>-</b>	<b>(19,172)</b>
<b>Other Financing Sources (Uses)</b>				
Interest	13,367	688	961	15,016
<b>Total Other Financing Sources (Uses)</b>	<b>13,367</b>	<b>688</b>	<b>961</b>	<b>15,016</b>
<b>Net Change in Fund Balances</b>	<b>(5,117)</b>	<b>-</b>	<b>961</b>	<b>(4,156)</b>
<b>Fund Balance - Beginning</b>	<b>15,359</b>	<b>54,262</b>	<b>74,632</b>	<b>144,253</b>
<b>Fund Balance - Ending</b>	<b>\$ 10,242</b>	<b>\$ 54,262</b>	<b>\$ 75,593</b>	<b>\$ 140,097</b>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to June 30, 2008)  
 GENERAL FUND ACCOUNTS  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 170,220	\$ 170,220	\$ 170,220
Total Revenue	<u>170,220</u>	<u>170,220</u>	<u>170,220</u>
EXPENDITURES			
Salaries and benefits	99,000	103,400	97,497
Purchased services	48,820	55,829	66,793
Supplies and materials	17,400	10,620	6,618
Capital outlay	5,000	-	-
Other objects	-	371	-
Total Expenditures	<u>170,220</u>	<u>170,220</u>	<u>170,908</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(688)</u>
OTHER FINANCING SOURCES (USES):			
Interest	-	-	688
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>688</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	54,262
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,262</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2008

	Adult Education Basic	Adult Education Performance	Upward Generated	Upward SOS	Communities for Youth Truants Alternative	ROE Reorganization Incentive	McKinney-Vento Education for Homeless Children and Youth
ASSETS							
Cash and cash equivalents	\$ 349	\$ 10	\$ 4,920	\$ 17	\$ 25,191	\$ -	\$ -
Due from other governments							
Local	-	-	-	-	-	-	-
State	-	-	-	-	1,115	-	-
Federal	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 349</b>	<b>\$ 10</b>	<b>\$ 4,920</b>	<b>\$ 17</b>	<b>\$ 26,306</b>	<b>\$ -</b>	<b>\$ -</b>

LIABILITIES AND FUND BALANCE

LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	26,306	-	-
Due to other funds	12	-	-	-	-	-	-
Deferred revenue	337	10	-	17	-	-	-
Total Liabilities	349	10	-	17	26,306	-	-
FUND BALANCES							
Unreserved	-	-	4,920	-	-	-	-
Total Fund Balance	-	-	4,920	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 349</b>	<b>\$ 10</b>	<b>\$ 4,920</b>	<b>\$ 17</b>	<b>\$ 26,306</b>	<b>\$ -</b>	<b>\$ -</b>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2008

	Peoria County	Learn and Serve America	Learning Technology Center General Operations	Technical Training and Support	Education Technology Competitive Grant	Title I School Improvement and Accountability	Title II Teacher Quality Leadership
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 4,293	\$ 90,100	\$ 42,421	\$ 405	\$ 147,951	\$ 60,325
Due from other governments							
Local	475	-	-	80	-	-	-
State	-	-	13,894	-	-	-	-
Federal	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 475</b>	<b>\$ 4,293</b>	<b>\$ 103,994</b>	<b>\$ 42,501</b>	<b>\$ 405</b>	<b>\$ 147,951</b>	<b>\$ 60,325</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ 1,485	\$ -	\$ -	\$ 58,507	\$ 3,743
Accrued payroll and employee benefits	-	-	-	-	-	-	-
Due to other funds	475	-	-	-	-	-	-
Deferred revenue	-	4,293	-	-	-	89,444	56,582
Total Liabilities	475	4,293	1,485	-	-	147,951	60,325
<b>FUND BALANCES</b>							
Unreserved	-	-	102,509	42,501	405	-	-
Total Fund Balance	-	-	102,509	42,501	405	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 475</b>	<b>\$ 4,293</b>	<b>\$ 103,994</b>	<b>\$ 42,501</b>	<b>\$ 405</b>	<b>\$ 147,951</b>	<b>\$ 60,325</b>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2008

	Title I Reading First SEA Part B	Coordination and Services Grant	Mathematics and Science Partnership	Special Education RDPC	Illinois Department of Public Health	Aspire	Socially Emotional Learning
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,780	\$ 295,082	\$ 77,258	\$ -	\$ 1,013	\$ 3,917	\$ 19,170
Due from other governments							
Local	-	-	-	-	-	-	-
State	-	-	-	-	-	3,860	-
Federal	85,040	-	98,554	126,654	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 90,820</b>	<b>\$ 295,082</b>	<b>\$ 175,812</b>	<b>\$ 126,654</b>	<b>\$ 1,013</b>	<b>\$ 7,777</b>	<b>\$ 19,170</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 24,910	\$ 300	\$ 7,680	\$ 9,704	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-	-	-
Due to other funds	65,910	-	-	1,008	-	-	-
Deferred revenue	-	294,782	168,132	115,942	1,013	-	19,170
Total Liabilities	90,820	295,082	175,812	126,654	1,013	-	19,170
<b>FUND BALANCES</b>							
Unreserved	-	-	-	-	-	7,777	-
Total Fund Balance	-	-	-	-	-	7,777	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 90,820</b>	<b>\$ 295,082</b>	<b>\$ 175,812</b>	<b>\$ 126,654</b>	<b>\$ 1,013</b>	<b>\$ 7,777</b>	<b>\$ 19,170</b>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2008

	Preschool for All Children	Preschool for All Liason	Standard Aligned Classroom Statewide Prof. Develop.	Principal Mentoring	TOTAL
<b>ASSETS</b>					
Cash and cash equivalents	\$ 81,875	\$ -	\$ 86,394	\$ 1,885	\$ 948,356
Due from other governments					
Local	-	-	-	-	555
State	53,827	-	-	-	72,696
Federal	-	-	51,320	-	361,568
<b>TOTAL ASSETS</b>	<b>\$ 135,702</b>	<b>\$ -</b>	<b>\$ 137,714</b>	<b>\$ 1,885</b>	<b>\$ 1,383,175</b>

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 15,511	\$ -	\$ 121,840
Accrued payroll and employee benefits	-	-	-	-	26,306
Due to other funds	-	-	-	-	67,405
Deferred revenue	135,702	-	122,203	1,885	1,009,512
Total Liabilities	135,702	-	137,714	1,885	1,225,063
<b>FUND BALANCES</b>					
Unreserved	-	-	-	-	158,112
Total Fund Balance	-	-	-	-	158,112
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 135,702</b>	<b>\$ -</b>	<b>\$ 137,714</b>	<b>\$ 1,885</b>	<b>\$ 1,383,175</b>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Adult Education Basic	Adult Education Performance	Upward Generated	Upward SOS	Communities for Youth Truants Alternative	ROE Reorganization Incentive	McKinney-Vento Education for Homeless Children and Youth
<b>REVENUES</b>							
Local sources	\$ -	\$ -	\$ 468	\$ -	\$ 27,453	\$ -	\$ -
State sources	26,151	27,769	-	56,000	211,835	8,000	-
Federal sources	27,466	-	-	-	-	-	53,250
Total Revenue	<u>53,617</u>	<u>27,769</u>	<u>468</u>	<u>56,000</u>	<u>239,288</u>	<u>8,000</u>	<u>53,250</u>
<b>EXPENDITURES</b>							
Salaries and benefits	38,654	21,630	186	48,219	233,234	-	50,697
Purchased services	6,939	4,971	1,049	3,708	5,202	-	1,072
Supplies and materials	5,338	1,227	117	4,253	1,224	-	1,493
Other objects	-	-	-	-	-	8,000	-
Payments to other governments	-	-	-	-	-	-	-
Capital outlay	2,738	-	-	-	-	-	-
Total Expenditures	<u>53,669</u>	<u>27,828</u>	<u>1,352</u>	<u>56,180</u>	<u>239,660</u>	<u>8,000</u>	<u>53,262</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(52)</u>	<u>(59)</u>	<u>(884)</u>	<u>(180)</u>	<u>(372)</u>	<u>-</u>	<u>(12)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Interest	52	59	46	180	372	-	12
Total Other Sources (Uses) of Financial Resources	<u>52</u>	<u>59</u>	<u>46</u>	<u>180</u>	<u>372</u>	<u>-</u>	<u>12</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(838)	-	-	-	-
<b>FUND BALANCE - BEGINNING</b>	-	-	5,758	-	-	-	-
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Peoria County	Learn and Serve America	Learning Technology Center General Operations	Technical Training and Support	Education Technology Competitive Grant	Title I School Improvement and Accountability	Title II Teacher Quality Leadership
<b>REVENUES</b>							
Local sources	\$ 11,997	\$ -	\$ -	\$ 27,547	\$ 400	\$ -	\$ -
State sources	-	-	269,445	-	-	-	-
Federal sources	-	3,467	-	-	-	1,565,958	140,266
Total Revenue	<u>11,997</u>	<u>3,467</u>	<u>269,445</u>	<u>27,547</u>	<u>400</u>	<u>1,565,958</u>	<u>140,266</u>
<b>EXPENDITURES</b>							
Salaries and benefits	11,197	-	200,034	-	-	267,490	-
Purchased services	806	385	55,967	17,302	-	411,915	-
Supplies and materials	-	3,147	9,902	685	-	57,995	1,614
Other objects	-	-	-	238	-	-	-
Payments to other governments	-	-	11,700	-	-	812,062	139,713
Capital outlay	-	-	27,097	2,941	-	918	-
Total Expenditures	<u>12,003</u>	<u>3,532</u>	<u>304,700</u>	<u>21,166</u>	<u>-</u>	<u>1,550,380</u>	<u>141,327</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6)</u>	<u>(65)</u>	<u>(35,255)</u>	<u>6,381</u>	<u>400</u>	<u>15,578</u>	<u>(1,061)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	(20,045)	-
Interest	6	65	1,397	3,367	5	4,467	1,061
Total Other Sources (Uses) of Financial Resources	<u>6</u>	<u>65</u>	<u>1,397</u>	<u>3,367</u>	<u>5</u>	<u>(15,578)</u>	<u>1,061</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(33,858)	9,748	405	-	-
<b>FUND BALANCE - BEGINNING</b>	-	-	136,367	32,753	-	-	-
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,509</u>	<u>\$ 42,501</u>	<u>\$ 405</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Title I Reading First SEA Part B	Coordination and Services Grant	Mathematics and Science Partnership	Special Education RDPC	Aspire	Illinois Department of Public Health	Socially Emotional Learning
REVENUES							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 23,715	\$ -	\$ 55,463
State sources	-	299,714	-	-	-	-	-
Federal sources	345,454	-	264,587	494,013	-	-	-
Total Revenue	345,454	299,714	264,587	494,013	23,715	-	55,463
EXPENDITURES							
Salaries and benefits	128,081	4,164	15,531	95,358	-	-	23,233
Purchased services	36,689	28,740	198,283	298,790	15,295	-	18,293
Supplies and materials	177,939	8,867	10,129	30,446	-	-	4,319
Other objects	-	-	-	-	-	-	-
Payments to other governments	-	247,091	42,553	77,546	675	-	5,000
Capital outlay	2,997	14,095	-	1,502	-	-	4,808
Total Expenditures	345,706	302,957	266,496	503,642	15,970	-	55,653
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(252)	(3,243)	(1,909)	(9,629)	7,745	-	(190)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfer in	-	-	-	9,235	-	-	-
Transfer out	-	-	-	-	-	-	-
Interest	252	3,243	1,909	394	32	-	190
Total Other Sources (Uses) of Financial Resources	252	3,243	1,909	9,629	32	-	190
NET CHANGE IN FUND BALANCES	-	-	-	-	7,777	-	-
FUND BALANCE - BEGINNING	-	-	-	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -	\$ 7,777	\$ -	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Preschool for All Children	Preschool for All Liason	Standard Aligned Classroom Statewide Prof. Devl.	Principal Mentoring	TOTAL
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 147,043
State sources	1,020,635	-	103,500	615	2,023,664
Federal sources	-	-	242,862	-	3,137,323
Total Revenue	<u>1,020,635</u>	<u>-</u>	<u>346,362</u>	<u>615</u>	<u>5,308,030</u>
<b>EXPENDITURES</b>					
Salaries and benefits	476,524	-	174,800	-	1,789,032
Purchased services	229,895	-	68,696	619	1,404,616
Supplies and materials	292,769	-	20,543	-	632,007
Other objects	-	-	-	-	8,238
Payments to other governments	-	-	107,915	-	1,444,255
Capital outlay	22,358	-	1,049	-	80,503
Total Expenditures	<u>1,021,546</u>	<u>-</u>	<u>373,003</u>	<u>619</u>	<u>5,358,651</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(911)</u>	<u>-</u>	<u>(26,641)</u>	<u>(4)</u>	<u>(50,621)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
Transfer in	-	-	24,432	-	33,667
Transfer out	-	-	-	-	(20,045)
Interest	911	-	2,209	4	20,233
Total Other Sources (Uses) of Financial Resources	<u>911</u>	<u>-</u>	<u>26,641</u>	<u>4</u>	<u>33,855</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,766)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,878</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,112</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to June 30, 2008)  
 EDUCATION FUND ACCOUNTS  
 ADULT EDUCATION BASIC  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
State sources	\$ 23,140	\$ 23,140	\$ 26,151
Federal sources	27,466	27,466	27,466
Total Revenues	<u>50,606</u>	<u>50,606</u>	<u>53,617</u>
<b>EXPENDITURES</b>			
Salaries and benefits	37,163	37,163	38,654
Purchased services	7,146	7,146	6,939
Supplies and materials	2,297	2,297	5,338
Capital outlay	4,000	4,000	2,738
Total Expenditures	<u>50,606</u>	<u>50,606</u>	<u>53,669</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(52)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interest	-	-	52
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>52</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to June 30, 2008)  
 EDUCATION FUND ACCOUNTS  
 ADULT EDUCATION PERFORMANCE  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 27,779	\$ 27,779	\$ 27,769
Total Revenues	<u>27,779</u>	<u>27,779</u>	<u>27,769</u>
EXPENDITURES			
Salaries and benefits	20,549	20,549	21,630
Purchased services	6,830	6,830	4,971
Supplies and materials	400	400	1,227
Total Expenditures	<u>27,779</u>	<u>27,779</u>	<u>27,828</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(59)</u>
OTHER FINANCING SOURCES (USES):			
Interest	-	-	59
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>59</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to June 30, 2008)  
 EDUCATION FUND ACCOUNTS  
 UPWARD SOS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 56,000	\$ 56,000	\$ 56,000
Total Revenues	<u>56,000</u>	<u>56,000</u>	<u>56,000</u>
EXPENDITURES			
Salaries and benefits	48,292	48,292	48,219
Purchased services	3,686	3,686	3,708
Supplies and materials	4,022	4,022	4,253
Total Expenditures	<u>56,000</u>	<u>56,000</u>	<u>56,180</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(180)</u>
OTHER FINANCING SOURCES (USES):			
Interest	<u>-</u>	<u>-</u>	<u>180</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>180</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to June 30, 2008)  
 EDUCATION FUND ACCOUNTS  
 COMMUNITIES FOR YOUTH TRUANTS ALTERNATIVE  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
Local sources	\$ -	\$ -	\$ 27,453
State sources	202,716	210,716	211,835
Total Revenues	<u>202,716</u>	<u>210,716</u>	<u>239,288</u>
<b>EXPENDITURES</b>			
Salaries and benefits	191,216	199,216	233,234
Purchased services	10,500	10,500	5,202
Supplies and materials	1,000	1,000	1,224
Total Expenditures	<u>202,716</u>	<u>210,716</u>	<u>239,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(372)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interest	<u>-</u>	<u>-</u>	<u>372</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>372</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 53,250	\$ 53,250	\$ 53,250
Total Revenues	<u>53,250</u>	<u>53,250</u>	<u>53,250</u>
EXPENDITURES			
Salaries and benefits	50,137	50,137	50,697
Purchased services	1,943	1,943	1,072
Supplies and materials	1,170	1,170	1,493
Total Expenditures	<u>53,250</u>	<u>53,250</u>	<u>53,262</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(12)</u>
OTHER FINANCING SOURCES (USES):			
Interest	<u>-</u>	<u>-</u>	<u>12</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>12</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 LEARN AND SERVE AMERICA  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 7,000	\$ 7,000	\$ 3,467
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>3,467</u>
EXPENDITURES			
Salaries and benefits	225	225	-
Purchased services	2,550	2,550	385
Supplies and materials	4,225	4,225	3,147
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>3,532</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(65)</u>
OTHER FINANCING SOURCES (USES):			
Interest	-	-	65
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>65</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 LEARNING TECHNOLOGY CENTER GENERAL OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 253,594	\$ 266,901	\$ 269,445
Total Revenues	<u>253,594</u>	<u>266,901</u>	<u>269,445</u>
EXPENDITURES			
Salaries and benefits	200,012	200,012	200,034
Purchased services	37,742	51,449	55,967
Supplies and materials	3,500	2,600	9,902
Payments to other governments	-	-	11,700
Capital outlay	2,500	-	27,097
Total Expenditures	<u>243,754</u>	<u>254,061</u>	<u>304,700</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,840</u>	<u>12,840</u>	<u>(35,255)</u>
OTHER FINANCING SOURCES (USES):			
Transfer out	(9,840)	(12,840)	-
Interest	-	-	1,397
Total Other Financing Sources and Uses	<u>(9,840)</u>	<u>(12,840)</u>	<u>1,397</u>
NET CHANGE IN FUND BALANCE	-	-	(33,858)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>136,367</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,509</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 1,101,761	\$ 1,101,761	\$ 1,565,958
Total Revenues	<u>1,101,761</u>	<u>1,101,761</u>	<u>1,565,958</u>
EXPENDITURES			
Salaries and benefits	-	-	267,490
Purchased services	300,000	300,000	411,915
Supplies and materials	100,000	100,000	57,995
Other objects	10,000	10,000	-
Payments to other governments	688,761	688,761	812,062
Capital outlay	3,000	3,000	918
Total Expenditures	<u>1,101,761</u>	<u>1,101,761</u>	<u>1,550,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>15,578</u>
OTHER FINANCING SOURCES (USES):			
Transfer out	-	-	(20,045)
Interest	-	-	4,467
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(15,578)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 TITLE II TEACHER QUALITY LEADERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 165,192	\$ 165,192	\$ 140,266
Total Revenues	<u>165,192</u>	<u>165,192</u>	<u>140,266</u>
EXPENDITURES			
Purchased services	20,000	2,000	-
Supplies and materials	4,000	2,000	1,614
Payments to other governments	141,192	161,192	139,713
Total Expenditures	<u>165,192</u>	<u>165,192</u>	<u>141,327</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1,061)</u>
OTHER FINANCING SOURCES (USES):			
Interest	<u>-</u>	<u>-</u>	<u>1,061</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>1,061</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 TITLE I READING FIRST PART B SEA  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 335,250	\$ 403,054	\$ 345,454
Total Revenues	<u>335,250</u>	<u>403,054</u>	<u>345,454</u>
EXPENDITURES			
Salaries and benefits	114,223	151,199	128,081
Purchased services	116,383	37,535	36,689
Supplies and materials	104,644	210,323	177,939
Payments to other governments	-	1,000	-
Capital outlay	-	2,997	2,997
Total Expenditures	<u>335,250</u>	<u>403,054</u>	<u>345,706</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(252)</u>
OTHER FINANCING SOURCES (USES):			
Interest	<u>-</u>	<u>-</u>	<u>252</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>252</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 COORDINATION AND SERVICES GRANT  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 230,665	\$ 230,665	\$ 299,714
Total Revenues	<u>230,665</u>	<u>230,665</u>	<u>299,714</u>
EXPENDITURES			
Salaries and benefits	-	-	4,164
Purchased services	47,000	47,000	28,740
Supplies and materials	10,000	10,000	8,867
Payments to other governments	153,665	153,665	247,091
Capital outlay	20,000	20,000	14,095
Total Expenditures	<u>230,665</u>	<u>230,665</u>	<u>302,957</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(3,243)</u>
OTHER FINANCING SOURCES (USES):			
Interest	-	-	3,243
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>3,243</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 MATHEMATICS AND SCIENCE PARTNERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 263,386	\$ 289,736	\$ 264,587
Total Revenues	<u>263,386</u>	<u>289,736</u>	<u>264,587</u>
EXPENDITURES			
Salaries and benefits	14,326	14,326	15,531
Purchased services	242,735	269,085	198,283
Supplies and materials	6,325	6,325	10,129
Payments to other governments	-	-	42,553
Total Expenditures	<u>263,386</u>	<u>289,736</u>	<u>266,496</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1,909)</u>
OTHER FINANCING SOURCES (USES):			
Interest	<u>-</u>	<u>-</u>	<u>1,909</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>1,909</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 SPECIAL EDUCATION RDPC  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 465,000	\$ 465,000	\$ 494,013
Total Revenues	465,000	465,000	494,013
EXPENDITURES			
Salaries and benefits	81,570	81,570	95,358
Purchased services	212,780	212,780	298,790
Supplies and materials	65,892	65,892	30,446
Other objects	2,000	2,000	-
Payments to other governments	95,450	95,450	77,546
Capital outlay	7,308	7,308	1,502
Total Expenditures	465,000	465,000	503,642
Excess (Deficiency) of Revenues Over Expenditures	-	-	(9,629)
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	9,235
Interest	-	-	394
Total Other Financing Sources and Uses			9,629
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 PRESCHOOL FOR ALL CHILDREN  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 765,000	\$ 765,000	\$ 1,020,635
Total Revenues	<u>765,000</u>	<u>765,000</u>	<u>1,020,635</u>
EXPENDITURES			
Salaries and benefits	472,342	478,890	476,524
Purchased services	200,158	182,754	229,895
Supplies and materials	78,500	89,356	292,769
Payments to other governments	14,000	14,000	-
Capital outlay	-	-	22,358
Total Expenditures	<u>765,000</u>	<u>765,000</u>	<u>1,021,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(911)</u>
OTHER FINANCING SOURCES (USES):			
Interest	-	-	911
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>911</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2007 to August 31, 2008)  
 EDUCATION FUND ACCOUNTS  
 STANDARD ALIGNED CLASSROOM -  
 STATEWIDE PROFESSIONAL DEVELOPMENT  
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ -	\$ -	\$ 103,500
Federal sources	408,100	453,100	242,862
Total Revenues	<u>408,100</u>	<u>453,100</u>	<u>346,362</u>
EXPENDITURES			
Salaries and benefits	108,000	108,000	174,800
Purchased services	293,850	338,850	68,696
Supplies and materials	6,250	6,250	20,543
Payments to other governments	-	-	107,915
Capital outlay	-	-	1,049
Total Expenditures	<u>408,100</u>	<u>453,100</u>	<u>373,003</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(26,641)</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	24,432
Interest	-	-	2,209
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>26,641</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	Art Opportunities	Bus Driver Training	Directory	Food Co op	Secretary	General Education Development
Cash and cash equivalents	\$ 235	\$ 3,676	\$ 537	\$ 2,933	\$ 5	\$ 23,721
Due from other governments - Local	-	-	-	-	-	1,486
<b>TOTAL ASSETS</b>	<u>\$ 235</u>	<u>\$ 3,676</u>	<u>\$ 537</u>	<u>\$ 2,933</u>	<u>\$ 5</u>	<u>\$ 25,207</u>
<b>FUND BALANCE</b>						
Unreserved	\$ 235	\$ 3,676	\$ 537	\$ 2,933	\$ 5	\$ 25,207
<b>TOTAL FUND BALANCE</b>	<u>\$ 235</u>	<u>\$ 3,676</u>	<u>\$ 537</u>	<u>\$ 2,933</u>	<u>\$ 5</u>	<u>\$ 25,207</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	Hospital Tutoring	Institute	Office of Prevention	Spring Celebration	Supervisory
Cash and cash equivalents	\$ 16,830	\$ 76,371	\$ 31,624	\$ 1,304	2,982
Due from other governments - Local	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 16,830</u>	<u>\$ 76,371</u>	<u>\$ 31,624</u>	<u>\$ 1,304</u>	<u>\$ 2,982</u>
<b>FUND BALANCE</b>	<u>\$ 16,830</u>	<u>\$ 76,371</u>	<u>\$ 31,624</u>	<u>\$ 1,304</u>	<u>\$ 2,982</u>
Unreserved	\$ 16,830	\$ 76,371	\$ 31,624	\$ 1,304	\$ 2,982
<b>TOTAL FUND BALANCE</b>	<u>\$ 16,830</u>	<u>\$ 76,371</u>	<u>\$ 31,624</u>	<u>\$ 1,304</u>	<u>\$ 2,982</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	Title II Co op	Jail Library	Pleasant Valley	Lincoln Senior Award	TOTALS
ASSETS					
Cash and cash equivalents	\$ 102,439	\$ 1,103	\$ 10,469	\$ 973	\$ 275,202
Due from other governments - Local	-	-	-	-	1,486
<b>TOTAL ASSETS</b>	<b>\$ 102,439</b>	<b>\$ 1,103</b>	<b>\$ 10,469</b>	<b>\$ 973</b>	<b>\$ 276,688</b>
FUND BALANCE					
Unreserved	\$ 102,439	\$ 1,103	\$ 10,469	\$ 973	\$ 276,688
<b>TOTAL FUND BALANCE</b>	<b>\$ 102,439</b>	<b>\$ 1,103</b>	<b>\$ 10,469</b>	<b>\$ 973</b>	<b>\$ 276,688</b>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	Art Opportunities	Bus Driver Training	Directory	Food Co op	Secretary	General Education Development
<b>REVENUES</b>						
Local sources	\$ -	\$ 2,835	\$ 7,825	\$ 10,150	\$ 1,505	\$ 20,323
State sources	-	1,200	-	-	-	-
<b>Total Revenues</b>	-	4,035	7,825	10,150	1,505	20,323
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	-	-	-	1,791
Purchased services	-	3,186	6,540	12,900	-	10,736
Supplies and materials	-	-	-	307	-	4,884
Payments to other governments	-	-	-	-	-	-
<b>Total Expenditures</b>	-	3,186	6,540	13,207	-	17,411
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	849	1,285	(3,057)	1,505	2,912
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,505)	-
Interest	-	41	13	30	-	264
<b>Total Other Financing Sources (Uses)</b>	-	41	13	30	(1,505)	264
<b>Net Change in Fund Balance</b>	-	890	1,298	(3,027)	-	3,176
<b>FUND BALANCES - BEGINNING</b>	235	2,786	(761)	5,960	5	22,031
<b>FUND BALANCES - ENDING</b>	\$ 235	\$ 3,676	\$ 537	\$ 2,933	\$ 5	\$ 25,207

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	Hospital Tutoring	Institute	Office of Prevention	Spring Celebration	Supervisory	Title II Co op
REVENUES						
Local sources	\$ 73,962	\$ 99,197	\$ 7,386	\$ 32,800	\$ -	\$ 6,619
State sources	-	-	-	-	1,250	-
Total Revenues	73,962	99,197	7,386	32,800	1,250	6,619
EXPENDITURES						
Salaries and benefits	-	-	-	-	-	-
Purchased services	70,769	59,061	6,858	30,888	1,255	-
Supplies and materials	154	2,058	-	2,649	-	-
Payments to other governments	-	-	-	-	-	8,843
Total Expenditures	70,923	61,119	6,858	33,537	1,255	8,843
Excess (Deficiency) of Revenues Over Expenditures	3,039	38,078	528	(737)	(5)	(2,224)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interest	198	1,105	358	274	35	1,205
Total Other Financing Sources (Uses)	198	1,105	358	274	35	1,205
Net Change in Fund Balance	3,237	39,183	886	(463)	30	(1,019)
FUND BALANCES - BEGINNING	13,593	37,188	30,738	1,767	2,952	103,458
FUND BALANCES - ENDING	\$ 16,830	\$ 76,371	\$ 31,624	\$ 1,304	\$ 2,982	\$ 102,439

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	Jail Library	Pleasant Valley	Lincoln Senior Award	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ -	\$ 262,602
State sources	-	-	-	2,450
Total Revenues	-	-	-	265,052
<b>EXPENDITURES</b>				
Salaries and benefits	-	-	-	1,791
Purchased services	1,880	-	2,329	206,402
Supplies and materials	-	-	298	10,350
Payments to other governments	-	-	-	8,843
Total Expenditures	1,880	-	2,627	227,386
Excess (Deficiency) of Revenues Over Expenditures	(1,880)	-	(2,627)	37,666
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	1,505	1,505
Transfers out	-	-	-	(1,505)
Interest	19	117	28	3,687
Total Other Financing Sources (Uses)	19	117	1,533	3,687
Net Change in Fund Balance	(1,861)	117	(1,094)	41,353
<b>FUND BALANCES - BEGINNING</b>	2,964	10,352	2,067	235,335
<b>FUND BALANCES - ENDING</b>	\$ 1,103	\$ 10,469	\$ 973	\$ 276,688

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUND  
 JUNE 30, 2008

	Distributive Fund	Regional Board of Trustees	Central Illinois Science Education	Criminal Background Checks	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ 83	\$ 1,908	\$ 12,238	\$ 14,229
LIABILITIES					
Due to other governments	\$ -	\$ 83	\$ 1,908	\$ 12,238	\$ 14,229

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
<u>DISTRIBUTIVE FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,877	\$ 4,781,497	\$ 4,784,374	\$ -
Due from other governments	312	-	312	-
Total Assets	<u>\$ 3,189</u>	<u>\$ 4,781,497</u>	<u>\$ 4,784,686</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 3,189</u>	<u>\$ 4,781,497</u>	<u>\$ 4,784,686</u>	<u>\$ -</u>
<u>REGIONAL BOARD OF TRUSTEES</u>				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>
<u>CENTRAL ILLINOIS SCIENCE EDUCATION</u>				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 1,864</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 1,908</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 1,864</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 1,908</u>
<u>CRIMINAL BACKGROUND CHECKS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 12,388</u>	<u>\$ 16,112</u>	<u>\$ 16,263</u>	<u>\$ 12,238</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 12,388</u>	<u>\$ 16,112</u>	<u>\$ 16,263</u>	<u>\$ 12,238</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 17,212	\$ 4,797,653	\$ 4,800,637	\$ 14,229
Due from other governments	312	-	312	-
Total Assets	<u>\$ 17,524</u>	<u>\$ 4,797,653</u>	<u>\$ 4,800,949</u>	<u>\$ 14,229</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 17,524</u>	<u>\$ 4,797,653</u>	<u>\$ 4,800,949</u>	<u>\$ 14,229</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

Description	Two Rivers Professional Development Center							Total
	Learning Technology Center	TARGET	Perfect	Peoria School District #150	SEAPCO	Regional Office of Education		
General State Aid	\$ -	\$ -	\$ -	\$ 177,428	\$ -	\$ -	\$ -	\$ 177,428
Special ED Personnel	-	-	-	-	381,188	-	-	381,188
Transportation	-	-	-	-	274	-	-	274
Special Education Preschool	-	-	-	-	75,518	-	-	75,518
Special Education IDEA	-	-	-	-	1,109,297	-	-	1,109,297
National Board	-	-	-	-	312	-	-	312
Career and Technical Ed Improvement	-	-	253,623	-	-	-	-	253,623
Illinois Community College Board	-	-	-	-	-	13,480	-	13,480
Agricultural Education	-	-	15,584	-	-	-	-	15,584
Perkins Title II	-	-	228,321	-	-	-	-	228,321
Feasibility Study	-	-	-	-	-	-	6,000	6,000
School Bus Driver Training	-	-	-	-	-	-	1,200	1,200
Truants Alternative/Optional Education	-	20,272	-	-	-	21,871	-	42,143
ROE/ISC Operations	100,000	-	-	-	-	-	-	100,000
Supervisory Expense	-	-	-	-	-	-	1,000	1,000
Technology for Schools-Networks	-	-	-	-	-	-	-	140,866
Other State Programs	80,665	-	-	-	-	-	-	80,665
Early Childhood Block Grant	600,359	-	-	-	-	-	-	600,359
School Improvement	851,142	-	-	-	-	-	-	851,142
Title I Reading First Part B SEA	211,611	-	-	-	-	-	-	211,611
Learn and Serve America	13,000	-	-	-	-	-	3,500	16,500
Math/Science Partnership	95,367	-	-	-	-	-	-	95,367
IDEA Improvement Grants Part D	213,893	-	-	-	-	-	-	213,893
Regional Safe Schools	-	-	-	57,862	-	-	-	57,862
Title II Teacher Quality Leadership Grant	107,864	-	-	-	-	-	-	107,864
Interest	-	-	-	-	-	-	2,877	2,877
<b>TOTAL</b>	<b>\$ 2,273,901</b>	<b>\$ 20,272</b>	<b>\$ 497,528</b>	<b>\$ 235,290</b>	<b>\$ 1,566,589</b>	<b>\$ 49,928</b>	<b>\$ -</b>	<b>\$ 4,784,374</b>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/07 - 6/30/08
<b>U.S. Dept. of Education CFDA #84.002</b>			
<b>Passed through Illinois Community College Board:</b>			
Adult Education Basic	84.002	514 AB	\$ 27,466
<b>Total U.S. Dept. of Education CFDA #84.002</b>			<b>27,466</b>
<b>U.S. Dept. of Education CFDA #84.010A</b>			
<b>Passed through Illinois State Board of Education:</b>			
Title I School Improvement and Accountability	84.010A	08-4331-SS	1,314,816
Title I School Improvement and Accountability	84.010A	07-4331-SS	251,142
<b>Passed through Regional Office of Education #11:</b>			
Standards Aligned Classroom - Statewide Professional Development	84.010A	08-4331-00	242,862
<b>Total U.S. Dept. of Education CFDA #84.010A</b>			<b>1,808,820 (M)</b>
<b>Passed through Illinois State Board of Education:</b>			
Special Education RDPC	84.323A	07-4631-RC	125,000
Special Education RDPC	84.323A	08-4631-RC	369,013
Total Special Education RDPC			494,013
Title I Reading First Part B SEA	84.357A	07-4337-00	36,110
Title I Reading First Part B SEA	84.357A	08-4337-00	309,344
Total Title I Reading First Part B SEA			345,454 (M)
Mathematics and Science Partnership	84.366B	07-4936-00	54,721
Mathematics and Science Partnership	84.366B	08-4936-00	209,866
Total Mathematics and Science Partnership			264,587
Title II Teacher Quality Leadership	84.367A	07-4935-SS	52,800
Title II Teacher Quality Leadership	84.367A	08-4935-SS	87,466
Total Title II Teacher Quality Leadership			140,266
<b>Total U.S. Department of Education passed through Illinois State Board of Education</b>			<b>3,053,140</b>
<b>U.S. Department of Education passed through Macomb Community School District #185</b>			
McKinney-Vento Education for Homeless Children and Youth	84.196A	08-4920-00	53,250
<b>Total through U.S. Department of Education through Macomb Community School District #185</b>			<b>53,250</b>
<b>Corporation for National and Community Services passed through Illinois State Board of Education:</b>			
Learn and Serve America	94.004	08-4910-00	3,467
<b>Total Corporation for National and Community Services passed through Illinois State Board of Education</b>			<b>3,467</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,137,323</b>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Peoria County Regional Office of Education #48 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Peoria County Regional Office of Education #48 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I School Improvement and Accountability	84.010A	\$ 812,062
Title II Teacher Quality Leadership	84.367A	\$ 139,713
Mathematics and Science Partnership	84.366B	\$ 42,553
Special Education RDPC	84.323A	\$ 77,546
Standards Aligned Classroom – Statewide Professional Development	84.010A	\$ 107,915

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Title I School Improvement and Accountability - This program provides area schools/districts with assistance in meeting school improvement needs as they address the requirements of No Child Left Behind. Priority is given to schools whose students have not met adequate yearly progress for at least two years in math and reading.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM (Concluded)

Title I Reading First Part B SEA - The purpose of Reading First is to ensure that all children can read at grade level or above by the end of third grade. The Reading First program will provide the necessary assistance to States and districts to implement programs based on scientifically based reading research for students in kindergarten through third grade. Reading First funds will also focus on providing significantly increased teacher professional development to ensure that all teachers, including special education teachers, have the skills they need to teach these programs effectively. Additionally, the program provides assistance to States and districts in preparing classroom teachers to effectively screen, identify and overcome reading barriers facing their students.

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None