

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI,**  
**AND UNION COUNTIES**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**& OMB Circular A-133)**  
**For the Year Ended June 30, 2008**

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**For the Year Ended June 30, 2008**

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**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**For the Year Ended June 30, 2008**

**OFFICIALS**

Regional Superintendent (Current and during the Audit Period)	Ms. Janet Ulrich
Assistant Regional Superintendent (Acting Effective July 1, 2007 through July 15, 2007)	Ms. Shelly Clover Hill
Assistant Regional Superintendent (Acting Effective July 16, 2007 through September 16, 2007)	Mr. Lou Parker
Assistant Regional Superintendent (Acting Effective September 17, 2007 through February 29, 2008)	Mr. Larry Goldsmith
Assistant Regional Superintendent (Acting Effective March 1, 2008 through June 30, 2008)	Mr. Bob McIntosh

Offices are located at:

17 Rustic Campus Drive  
Ullin, Illinois 62992

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
For the Year Ended June 30, 2008**

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	5
Repeated audit findings	2	0
Prior recommendations implemented or not repeated	3	1

Details of audit findings are presented in a separately tabbed report section.

An additional 4 matters which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
08-01	12a	Inadequate Internal Control Procedures	Significant Deficiency
08-02	12c	Controls Over Financial Statement Preparation	Significant Deficiency

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

07-02	15	Recording Reimbursements from Programs
07-03	15	Recording Obligations
07-04	15	Improper Expenditure Classification

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**For the Year Ended June 30, 2008**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 22, 2008. Attending were Janet Ulrich, Regional Superintendent, Kris Fasnacht, Fiscal Manager, and Tami Colpitts-Knight, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Janet Ulrich, Regional Superintendent.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
For the Year Ended June 30, 2008**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Alexander/Johnson/Massac/Pulaski/Union Counties Regional Office of Education #2 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #2's basic financial statements.





## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #2, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #2's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #2's management. Our responsibility is to express opinions on these financial statements based on our audit.

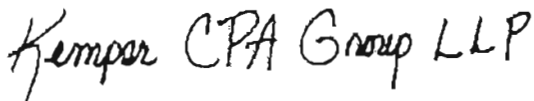
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 Regional Office of Education #2, 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 January 8, 2009 on our consideration of the Regional Office of Education #2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16j and 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #2's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, 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.

A handwritten signature in black ink that reads "Kemper CPA Group LLP". The signature is written in a cursive, flowing style.

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants

Marion, Illinois  
January 8, 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 Regional Office of Education #2, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #2's basic financial statements and have issued our report thereon dated January 8, 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 Regional Office of Education #2'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 Regional Office of Education #2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #2'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 as items 08-01 and 08-02.

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, we believe that none of the significant deficiencies described are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Regional Office of Education #2 in a separate letter dated January 8, 2009.

Regional Office of Education #2's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education #2's responses and, accordingly, we express no opinion on them.

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

Marion, Illinois  
January 8, 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 Regional Office of Education #2 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 Regional Office of Education #2's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #2's management. Our responsibility is to express an opinion on the Regional Office of Education #2's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #2's compliance with those requirements.

In our opinion, the Regional Office of Education #2 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.

Internal Control Over Compliance

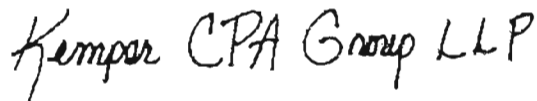
The management of the Regional Office of Education #2 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #2'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 Regional Office of Education #2's internal control over compliance.

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.

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.

Our consideration of the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "Kemper CPA Group LLP". The signature is written in a cursive, slightly slanted style.

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants

Marion, Illinois  
January 8, 2009

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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?	No
● Significant Deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
● Noncompliance material to financial statements noted?	No

**Federal Awards**

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	System of Support Title I – School Improvement and Accountability

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

Auditee qualified as a low-risk auditee?	No
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**REGIONAL OFFICE OF EDUCATION #2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2008**

**Finding No. 08-01 – Inadequate Internal Control Procedures (Partial repeat from Finding 07-01)**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over receipts and disbursements sufficient to prevent errors and fraud.

**Condition:**

During the audit we noted the following weaknesses in the Regional Office of Education's internal control system:

- A. During our testing of 8 credit card statements, we noted the following noncompliance with the Regional Office's established credit card policy:
  - a. One instance where the Regional Office did not have an original receipt documenting expenses.
  - b. One instance where the Regional Office paid a finance charge.
- B. During our testing of 132 disbursement transactions, we noted two instances where the Regional Office did not document approval for transfers between bank accounts.
- C. The Regional Office did not review bank reconciliations to ensure they are completed timely and that the reconciled balance agreed with the general ledger. As a result, the Regional Office had not completed bank reconciliations for April, May, and June 2008 as of June 30, 2008.
- D. In the State Aid fund, there were the following misclassifications of revenue:
  - a. A Federal Breakfast payment in the amount of \$5,254 that the Regional Office had received, on behalf of one of the school districts in the Region through the Distributive fund, was classified as the Regional Office's revenue.
  - b. Interest income, in the amount of \$1,418, was recorded as Miscellaneous Revenue. The income should have been classified as Interest Revenue.
  - c. The March 2008 General State Aid payment, in the amount of \$15,918, was recorded as Miscellaneous Revenue. The payment should have been classified as State revenue.

**Effect:**

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

**Cause:**

The Regional Office has not established sufficient internal control procedures.

**REGIONAL OFFICE OF EDUCATION #2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2008**

**Finding No. 08-01 – Inadequate Internal Control Procedures (Partial repeat from Finding 07-01)  
(Concluded)**

**Recommendation:**

- A. The Regional Office should develop internal control procedures to ensure that their credit card purchases are processed in compliance with their established policies.
- B. The Regional Office should document formal approval of interbank transfers.
- C. An individual independent of the reconciliation process should review bank reconciliations monthly to ensure they are completed timely and agree with the general ledger's cash balance. This review should be documented on the reconciliation.
- D. The Regional Office should develop internal control procedures to ensure that revenue is properly recorded as local, State, or federal.

**Management's Response:**

The Regional Office has implemented the above recommendations to correct any weaknesses identified.

**REGIONAL OFFICE OF EDUCATION #2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2008**

**Finding No.: 08-02 – Controls Over Financial Statement Preparation (Repeated from Finding 07-05)**

**Criteria/specific requirement:**

The Regional Office of Education #2 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 #2 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office 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. The Regional Office's financial information required several adjusting entries 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 do not have adequate funding to hire a certified public accountant or other financial consultant professionals.

**REGIONAL OFFICE OF EDUCATION #2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2008**

**Finding No.: 08-02 – Controls Over Financial Statement Preparation (Concluded)**

**Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #2 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #2 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

In an attempt to correct this finding, the Regional Office sent the Controller to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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:**

None

**REPORTABLE CONDITIONS:**

None

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2008**

**Corrective Action Plan**

**Finding No. 08-01**

**Condition:**

During the audit we noted the following weaknesses in the Regional Office of Education's internal control system:

- A. During our testing of 8 credit card statements, we noted the following noncompliance with the Regional Office's established credit card policy:
  - a. One instance where the Regional Office did not have an original receipt documenting expenses.
  - b. One instance where the Regional Office paid a finance charge.
- B. During our testing of 132 disbursement transactions, we noted two instances where the Regional Office did not document approval for transfers between bank accounts.
- C. The Regional Office did not review bank reconciliations to ensure they are completed timely and that the reconciled balance agreed with the general ledger. As a result, the Regional Office had not completed bank reconciliations for April, May, and June 2008 as of June 30, 2008.
- D. In the State Aid fund, there were the following misclassifications of revenue:
  - a. A Federal Breakfast payment in the amount of \$5,254 that the Regional Office had received, on behalf of one of the school districts in the Region through the Distributive fund, was classified as the Regional Office's revenue.
  - b. Interest income, in the amount of \$1,418, was recorded as Miscellaneous Revenue. The income should have been classified as Interest Revenue.
  - c. The March 2008 General State Aid payment, in the amount of \$15,918, was recorded as Miscellaneous Revenue. The payment should have been classified as State revenue.

**Plan:**

- A. The Regional Office will develop internal control procedures to ensure that their credit card purchases are processed in compliance with their established policies.
- B. The Regional Office will document formal approval of interbank transfers.
- C. An individual independent of the reconciliation process will review bank reconciliations monthly to ensure they are completed timely and agree with the general ledger's cash balance. This review will be documented on the reconciliation.
- D. The Regional Office will develop internal control procedures to ensure that revenue is properly recorded as local, State, or federal.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2008**

**Corrective Action Plan**

**Finding No. 08-02**

**Condition:**

The Regional Office of Education #2 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office 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. The Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

**Plan:**

The Regional Office of Education #2 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office will continue to send the Controller to various trainings to assist her in gaining a better understanding of accrual accounting and reporting under generally accepted accounting principles (GAAP).

**Anticipated Date of Completion:**

Not applicable

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2008**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
07-01	Inadequate Internal Control Procedures	Repeated
07-02	Recording Reimbursements from Programs	Corrected
07-03	Recording Obligations	Corrected
07-04	Improper Expenditure Classification	Corrected
07-05	Controls Over Financial Statement Preparation	Repeated



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

Regional Office of Education #2 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the Regional Office of Education #2's financial statements, which follow.

**2008 FINANCIAL HIGHLIGHTS**

- General fund revenues increased from \$412,223 in fiscal year 2007 (FY07) to \$415,022 in fiscal year 2008 (FY08), and General fund expenditures also increased from \$475,764 in FY07 to \$479,796 in FY08. This resulted in a decrease in the Regional Office of Education #2's General fund balance from \$349,610 in FY07 to \$307,991 in FY08.
- The increase in General fund revenues was attributed to an increase in local grant revenue in FY08. The increase in expenditures was due primarily to expenses associated with the increased revenues. The decrease in the General fund's fund balance is due to the Regional Office having to utilize these unrestricted assets to cover shortfalls in grant programs.
- Education fund revenues increased from \$2,969,404 in FY07 to \$3,346,597 in FY08, and Education fund expenditures increased from \$2,740,389 in FY07 to \$3,079,551 in FY08. This resulted in an increase in the Education fund balance from \$915,851 in FY07 to \$1,208,147 in FY08.
- The increase in Education fund revenues was attributed to an increase in federal grant revenue in FY08. The increase in expenditures was due primarily to expenses associated with the increased revenues.

**USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

- The Regional Office of Education #2's Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #2'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 Regional Office of Education #2 as a whole and present an overall view of the Regional Office of Education #2's finances.
- The governmental fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office of Education #2's operations in more detail than the government-wide statements by providing information about the most significant funds.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

**USING THIS ANNUAL REPORT (Concluded)**

- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- The required supplementary information and supplementary information further explains and supports the financial statements with a Schedule of Funding Progress for the Illinois Municipal Retirement Fund, a comparison of the Regional Office of Education #2's budget for the year, and detailed information about the non-major funds.

**REPORTING THE REGIONAL OFFICE OF EDUCATION #2 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 #2 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the Regional Office of Education #2's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office of Education #2's net assets and how they have changed. Net assets – the difference between the Regional Office of Education #2's assets and liabilities – are one way to measure the Regional Office of Education #2's financial health or position.

- Over time, increases or decreases in the Regional Office of Education #2's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #2's overall health, additional non-financial factors, need to be considered.

In the government-wide financial statements, the Regional Office of Education #2's activities consist of governmental activities and business-type activities.

- *Governmental activities:* Most of the Regional Office of Education #2's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. State and federal grants, local school districts, and state aid finance most of these activities.
- *Business-type activities:* The Regional Office of Education #2 charges fees to help cover the costs of certain services and workshops it provides.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

**REPORTING THE REGIONAL OFFICE OF EDUCATION #2 AS A WHOLE  
(Concluded)**

**Governmental Fund Financial Statements**

The governmental fund financial statements provide detailed information about the Regional Office of Education #2's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #2 as a whole. Funds are accounting devices the Regional Office of Education #2 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #2 establishes other funds to control and manage money for particular purposes.

Governmental funds account for most of the Regional Office of Education #2's basic services. These focus on how cash and other financial assets that can readily be 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 financial resources that can be spent in the near future to finance the Regional Office of Education #2's programs. Because this information does not encompass the additional long-term focus of the government-wide statements a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental fund statements. The Regional Office of Education #2's governmental funds include the General Fund and the Special Revenue Funds.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #2's net assets at the end of fiscal year 2008 totaled approximately \$1.7 million. This compared to approximately \$1.4 million at the end of fiscal year 2007. The analysis that follows provides a summary of the Regional Office of Education #2's net assets at June 30, 2008 and 2007 for the governmental and business-type activities.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	2008	2007	Increase / (Decrease)
Current Assets	\$ 1,890,606	\$ 1,625,021	265,585
Noncurrent Assets	164,609	203,092	(38,483)
Total Assets	2,055,215	1,828,113	227,102
Current Liabilities	375,972	357,602	18,370
Noncurrent Liabilities	17,195	50,277	(33,082)
Total Liabilities	393,167	407,879	(14,712)
Net Assets:			
Invested in Capital Assets	164,609	203,092	(38,483)
Unrestricted	1,498,484	1,214,643	283,841
Restricted for teacher professional development	(1,045)	2,499	(3,544)
Total Net Assets	\$ 1,662,048	\$ 1,420,234	241,814

The Regional Office of Education #2's combined governmental net assets increased by approximately \$241,814 from fiscal year 2007.

BUSINESS-TYPE ACTIVITIES

	2008	2007	Increase / (Decrease)
Current Assets	\$ 25,005	\$ 2,882	22,123
Noncurrent Assets	2,784	4,835	(2,051)
Total Assets	27,789	7,717	20,072
Net Assets:			
Invested in Capital Assets	2,784	4,835	(2,051)
Unrestricted	25,005	2,882	22,123
Restricted for teacher professional development	-	-	-
Total Net Assets	\$ 27,789	\$ 7,717	20,072

The Regional Office of Education #2's combined business-type net assets increased by approximately \$20,072 from fiscal year 2007.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	2008	2007	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 2,914,205	\$ 2,418,859	495,346
General Revenues:			
Local sources	194,812	371,169	(176,357)
State sources	399,844	385,400	14,444
On-behalf payments - State	269,257	239,081	30,176
Transfers	-	(1,114)	1,114
Investment Earnings (Interest)	48,787	45,977	2,810
Loss on asset disposals	-	(3,083)	3,083
Total Revenues	3,826,905	3,456,289	370,616
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	1,278,640	1,426,546	(147,906)
Purchased services	694,539	705,952	(11,413)
Supplies and materials	177,147	194,461	(17,314)
Other Objects	15,695	45,584	(29,889)
Payments to other governments	1,105,786	658,198	447,588
Depreciation expense	44,027	52,630	(8,603)
Administrative Expense:			
On-behalf payments - State	269,257	239,081	30,176
Total Expenses	3,585,091	3,322,452	262,639
Change in Net Assets	241,814	133,837	107,977
Net Assets - Beginning	1,420,234	1,286,397	133,837
Net Assets - Ending	\$ 1,662,048	\$ 1,420,234	241,814

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

	<u>2008</u>	<u>2007</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 29,905	\$ 9,745	20,160
General Revenues:			
Transfers	-	1,114	(1,114)
Investment Earnings (Interest)	196	128	68
Total Revenues	<u>30,101</u>	<u>10,987</u>	19,114
Expenses:			
Salaries and benefits	-	12,932	(12,932)
Purchased services	4,985	11,087	(6,102)
Supplies and materials	2,793	4,831	(2,038)
Other objects	200	-	200
Depreciation expense	2,051	2,646	(595)
Total Expenses	<u>10,029</u>	<u>31,496</u>	(21,467)
Change in Net Assets	20,072	(20,509)	(437)
Net Assets - Beginning	<u>7,717</u>	<u>28,226</u>	(20,509)
Net Assets - Ending	<u>\$ 27,789</u>	<u>\$ 7,717</u>	20,072

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

As previously noted, Regional Office of Education #2 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

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

**Governmental Fund Highlights**

The Regional Office of Education #2's governmental fund reported combined fund balances of \$1,514,634 compared with FY07's ending fund balances of \$1,267,419. Of this, general fund balance of \$307,991 decreased from FY07's ending fund balance of \$349,610, education fund balance of \$1,208,147 increased from FY07's ending fund balance of \$915,851, and other non-major governmental fund balance of (\$1,504) decreased from FY07's ending fund balance of \$1,958. The primary reason for the increase in combined fund balances in FY08 was due to reduced expenditures to keep within budgets.

Another reason for the significant decrease in salaries cost was the reduction in staff. Some staff members left the Regional Office of Education #2 through retirements and were not replaced or were replaced by staff members at lower salaries.

The Regional Office of Education #2's decreasing General fund financial position is primarily the result of lower interest rate earnings during the year on investments.

**Business-Type Fund Highlights**

The Regional Office of Education #2's business-type fund reported combined fund balances of \$27,789 compared with FY07's ending fund balances of \$7,717. The primary reason for the increase in fund balances in FY08 was due to decreased salary expenditures.

**FIDUCIARY FUND TYPE**

Regional Office of Education #2's funds are used to account for assets held by the Regional Office of Education #2 in 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. The Distributive Fund is the Regional Office of Education #2's only agency fund.

Interest on Distributive Fund – The Regional Office of Education #2 has agreements with all districts in the region whereby the Regional Office of Education #2 is allowed to keep the interest for expenditures benefiting all districts.



**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

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

**MEASUREMENT FOCUS**

The fund financial statements of all Governmental Funds 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 concepts to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #2; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures 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.

**BUDGETARY HIGHLIGHTS**

The Regional Office of Education #2's Advisory Board approves an education plan. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office of Education #2 amended its annual operating budget several times to reflect additional revenue and expenditures associated with the additional services needed and provided to the local school districts. The Regional Office of Education #2 has a five-county budget for administrative purposes. Each county contributes financially to the Regional Office of Education #2 based upon the county's population.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Regional Office of Education #2 does own buildings and equipment. Items purchased costing over \$500 are listed on the Regional Office of Education #2's inventory. At June 30, 2008 the Regional Office of Education #2 had an investment in capital assets for the governmental funds and business-type fund of \$164,609 and \$2,784, respectively; which is the original cost of the assets less the accumulated depreciation.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Debt**

The Regional Office of Education #2 incurs no debt. All bills are paid by the end of the fiscal year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the Regional Office of Education #2 was aware of existing circumstances that could significantly affect its financial health in the future.

The Regional Office of Education #2 has experienced an increase in the number of students being served by its programs in the past four years. A slight increase in enrollment is expected and included in the budget based on request from local school districts.

**ADDITIONAL INFORMATION**

The following information is furnished to further explain the Regional Office of Education #2's financial analysis and planning:

Management staff and financial staff continually review all aspects of the financial statements including the format of financial statements, accounting and reporting capital assets, and internal service funds. This would include a monthly analysis and cross check of balancing the various funds. The review of how to meet projected shortfalls are discussed and analyzed at these meetings. The major problem with finances is the State's inability to pay the Regional Office of Education #2 for approved grant funds.

The management team reviews all programs from short-term to long-term concerning the financial aspects of the Regional Office of Education #2. This includes reviewing projected funds and/or amending the various programs in order to ensure adequate and proper funding. Most financial receipts are ultimately received by the Regional Office of Education #2 to maintain programs. The serious problem is that these funds are often late by several months which cause fund transfers and other methods to stay financially viable. Generally speaking, the funds are received by the end of the year, but few are received as indicated in the grant programs. Improved financial planning could occur if the State gave general guidelines from one year to the next. For example, if we were told a particular program will receive at least 85 percent of last year's budget; this would enable the Regional Office of Education #2 to plan more effectively.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

**ADDITIONAL INFORMATION (CONTINUED)**

The current year results in comparison with prior years, indicates a reduction from last year. Although final results are not available at this point in time, preliminary indications indicate another reduction in Regional Office of Education #2 funds and probably other grant programs. Because of this uncertainty it is very difficult to develop a plan to increase or maintain the effectiveness of the Regional Office of Education #2 and grant programs.

**CONTACTING THE REGIONAL OFFICE OF EDUCATION #2'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Regional Office of Education #2's citizens, taxpayers, customers, investors and creditors with a general overview of the Regional Office of Education #2's finances and to demonstrate the Regional Office of Education #2's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Office of Education #2, 17 Rustic Campus Drive, Ullin, IL 62992.

## **BASIC FINANCIAL STATEMENTS**

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,786,607	\$ 25,005	\$ 1,811,612
Due from other governments	103,999	-	103,999
Total Current Assets	<u>1,890,606</u>	<u>25,005</u>	<u>1,915,611</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	164,609	2,784	167,393
Total Noncurrent Assets	<u>164,609</u>	<u>2,784</u>	<u>167,393</u>
<b>TOTAL ASSETS</b>	<u>2,055,215</u>	<u>27,789</u>	<u>2,083,004</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Due to other governments	5,254	-	5,254
Accounts payable	166,207	-	166,207
Deferred revenue	204,511	-	204,511
Total Current Liabilities	<u>375,972</u>	<u>-</u>	<u>375,972</u>
Noncurrent Liabilities:			
Liability for compensated absences	17,195	-	17,195
Total Noncurrent Liabilities	<u>17,195</u>	<u>-</u>	<u>17,195</u>
<b>TOTAL LIABILITIES</b>	<u>393,167</u>	<u>-</u>	<u>393,167</u>
<b>NET ASSETS</b>			
Invested in capital assets	164,609	2,784	167,393
Restricted for teacher professional development	(1,045)	-	(1,045)
Unrestricted	1,498,484	25,005	1,523,489
<b>TOTAL NET ASSETS</b>	<u>\$ 1,662,048</u>	<u>\$ 27,789</u>	<u>\$ 1,689,837</u>

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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 Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions			Business-Type Activities	Total
Primary government:							
Governmental activities:							
Instructional Services:							
Salaries and benefits	\$ 1,278,640	\$ -	\$ 1,178,475	\$ (100,165)	\$ -	\$ (100,165)	
Purchased services	694,539	-	527,019	(167,520)	-	(167,520)	
Supplies and materials	177,147	-	97,017	(80,130)	-	(80,130)	
Other objects	15,695	-	150,960	135,265	-	135,265	
Depreciation	44,027	-	-	(44,027)	-	(44,027)	
Capital outlay	-	-	5,544	5,544	-	5,544	
Payments to other governments	1,105,786	-	955,190	(150,596)	-	(150,596)	
Administrative:							
On-behalf payments - State	269,257	-	-	(269,257)	-	(269,257)	
On-behalf payments - Local	-	-	-	-	-	-	
Total governmental activities	<u>3,585,091</u>	<u>-</u>	<u>2,914,205</u>	<u>(670,886)</u>	<u>-</u>	<u>(670,886)</u>	
Business-type activities:							
Registration/Testing fee	10,029	29,905	-	-	19,876	19,876	
Total business-type activities	<u>10,029</u>	<u>29,905</u>	<u>-</u>	<u>-</u>	<u>19,876</u>	<u>19,876</u>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 3,595,120</u>	<u>\$ 29,905</u>	<u>\$ 2,914,205</u>	<u>(670,886)</u>	<u>19,876</u>	<u>(651,010)</u>	
<b>GENERAL REVENUES:</b>							
Local sources				194,812	-	194,812	
State sources				399,844	-	399,844	
On-behalf payments - State				269,257	-	269,257	
Interest Income				48,787	196	48,983	
Total general revenues				<u>912,700</u>	<u>196</u>	<u>912,896</u>	
<b>CHANGE IN NET ASSETS</b>				<u>241,814</u>	<u>20,072</u>	<u>261,886</u>	
<b>NET ASSETS - BEGINNING</b>				<u>1,420,234</u>	<u>7,717</u>	<u>1,427,951</u>	
<b>NET ASSETS - ENDING</b>				<u>\$ 1,662,048</u>	<u>\$ 27,789</u>	<u>\$ 1,689,837</u>	

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 231,092	\$ 1,548,619	\$ 6,896	\$ -	\$ 1,786,607
Due from other funds	49,000	-	-	(49,000)	-
Due from other governments	31,203	72,796	-	-	103,999
<b>Total Assets</b>	<b>\$ 311,295</b>	<b>\$ 1,621,415</b>	<b>\$ 6,896</b>	<b>\$ (49,000)</b>	<b>\$ 1,890,606</b>
<b>Liabilities</b>					
Due to other funds	\$ 3,300	\$ 37,300	\$ 8,400	\$ (49,000)	\$ -
Due to other governments	-	5,254	-	-	5,254
Accounts payable	-	166,207	-	-	166,207
Deferred revenue	4	204,507	-	-	204,511
<b>Total Liabilities</b>	<b>3,304</b>	<b>413,268</b>	<b>8,400</b>	<b>(49,000)</b>	<b>375,972</b>
<b>Fund Balances</b>					
Unreserved, reported in:					
Special revenue funds	-	1,208,147	(1,504)	-	1,206,643
General fund	307,991	-	-	-	307,991
<b>Total Fund Balances</b>	<b>307,991</b>	<b>1,208,147</b>	<b>(1,504)</b>	<b>-</b>	<b>1,514,634</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 311,295</b>	<b>\$ 1,621,415</b>	<b>\$ 6,896</b>	<b>\$ (49,000)</b>	<b>\$ 1,890,606</b>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008**

Total Fund Balances—Governmental Funds	\$ 1,514,634
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$745,968.	164,609
Accrued payroll and benefit costs which reflect the amount of vacation pay has been earned by the Regional Office of Education #2's employees but will not be paid within the next year is not reported in the governmental funds.	<u>(17,195)</u>
Net Assets of Governmental Activities	<u><u>\$ 1,662,048</u></u>

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



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 68,329	\$ 110,965	\$ 15,518	\$ -	\$ 194,812
State sources	72,697	1,320,283	5,720	-	1,398,700
State sources - payments made on behalf of region	269,257	-	-	-	269,257
Federal sources	-	1,915,349	-	-	1,915,349
<b>Total Revenues</b>	<b>410,283</b>	<b>3,346,597</b>	<b>21,238</b>	<b>-</b>	<b>3,778,118</b>
<b>Expenditures:</b>					
<b>Instructional Services:</b>					
Salaries and benefits	128,458	1,175,938	7,326	-	1,311,722
Purchased services	56,021	624,639	13,879	-	694,539
Supplies and materials	6,738	166,532	3,877	-	177,147
Other objects	14,583	1,112	-	-	15,695
Payments to other governments	-	1,105,786	-	-	1,105,786
Payments made on behalf of region	269,257	-	-	-	269,257
Capital outlay	-	5,544	-	-	5,544
<b>Total Expenditures</b>	<b>475,057</b>	<b>3,079,551</b>	<b>25,082</b>	<b>-</b>	<b>3,579,690</b>
<b>Excess (Deficiency) of Revenues     Over Expenditures</b>	<b>(64,774)</b>	<b>267,046</b>	<b>(3,844)</b>	<b>-</b>	<b>198,428</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	306	14	(320)	-
Transfers out	(14)	(306)	-	320	-
Interest	23,169	25,250	368	-	48,787
<b>Total Other Financing Sources (Uses)</b>	<b>23,155</b>	<b>25,250</b>	<b>382</b>	<b>-</b>	<b>48,787</b>
<b>Net Change in Fund Balances</b>	<b>(41,619)</b>	<b>292,296</b>	<b>(3,462)</b>	<b>-</b>	<b>247,215</b>
Fund Balances - Beginning	349,610	915,851	1,958	-	1,267,419
Fund Balances - Ending	<b>\$ 307,991</b>	<b>\$ 1,208,147</b>	<b>\$ (1,504)</b>	<b>\$ -</b>	<b>\$ 1,514,634</b>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**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—total governmental funds \$ 247,215

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	\$ 5,544		
Depreciation Expense	<u>(44,027)</u>		(38,483)

Accrued payroll and benefits costs which reflect the amount of vacation pay that has been earned by the Regional Office of Education #2's employees in prior years and was paid in the current year, but is not reported in the governmental funds.

33,082

Change in net assets of governmental activities

\$ 241,814

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**June 30, 2008**

	Business-Type Activities - Enterprise Funds	
	Workshops Fund	Total
	ASSETS	
Current assets:		
Cash	\$ 25,005	\$ 25,005
Total current assets	25,005	25,005
Noncurrent assets:		
Capital assets, net of accumulated depreciation:	2,784	2,784
Total noncurrent assets	2,784	2,784
TOTAL ASSETS	27,789	27,789
NET ASSETS		
Invested in capital assets	2,784	2,784
Unrestricted	25,005	25,005
TOTAL NET ASSETS	\$ 27,789	\$ 27,789

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2008**

	Business-Type Activities - Enterprise Funds	
	Workshops Fund	Total
OPERATING REVENUES		
Local sources	\$ 29,905	\$ 29,905
Total operating revenues	29,905	29,905
 OPERATING EXPENSES		
Purchased Services	4,985	4,985
Supplies and materials	2,793	2,793
Other objects	200	200
Depreciation	2,051	2,051
Total operating expenses	10,029	10,029
 OPERATING INCOME (LOSS)	19,876	19,876
 NONOPERATING REVENUES		
Interest	196	196
Total nonoperating revenues	196	196
 CHANGE IN NET ASSETS	20,072	20,072
 TOTAL NET ASSETS - BEGINNING	7,717	7,717
 TOTAL NET ASSETS - ENDING	\$ 27,789	\$ 27,789

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

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds	
	Workshops	
	Fund	Totals
Cash flows from operating activities:		
Receipts from customers	\$ 29,905	\$ 29,905
Payments to suppliers and providers of goods and services	(7,978)	(7,978)
Net cash provided by (used for) operating activities	21,927	21,927
Cash flows from investing activities:		
Interest	196	196
Net cash provided by (used for) investing activities	196	196
Net increase (decrease) in cash	22,123	22,123
Cash - Beginning	2,882	2,882
Cash - Ending	\$ 25,005	\$ 25,005
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 19,876	\$ 19,876
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	2,051	2,051
Net cash provided by (used for) operating activities	\$ 21,927	\$ 21,927

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOENSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**June 30, 2008**

	Agency Fund
Assets	
Cash	\$ 12,534
Due from other governments	2,160,238
	2,172,772
Total Assets	\$ 2,172,772
Liabilities	
Due to other governments	\$ 2,172,772
Total Liabilities	\$ 2,172,772

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

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

The Regional Office of Education #2 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2008, the Regional Office of Education #2 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 Regional Office of Education #2 implemented these standards during the current year, however; GASB Statement No. 48 had no impact on the financial statements.

GASB Statement No. 34 established a financial reporting model for State and local governments that included the addition of Management's Discussion and Analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

**A. Financial Reporting Entity**

The Regional Superintendent is responsible for supervision and control of school districts within the Regional Office of Education #2. This includes all aspects of supervision, reports and financial accounting of districts which are considered by State law to be in the Service Region. In addition, 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 treasurers' 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 Regional Office of Education #2'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.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**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 Regional Office of Education #2, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2008, the Regional Office of Education #2 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #2. Such activities are reported as a single major special revenue fund (Education Fund).

B. Scope of Reporting Entity

The Regional Office of Education #2's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #2 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #2, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #2 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 Regional Office of Education #2 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #2 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #2 being considered a component unit of the entity.



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**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 Regional Office of Education #2's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues.

The Regional Office of Education #2's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Regional Office of Education #2. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #2'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 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 and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other sources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and 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.

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.

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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 (Concluded)

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 non-major 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.

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 Regional Office of Education #2; 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.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**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)

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

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

Under the terms of grant agreements, Alexander, Johnson, Massac, Pulaski, and Union Counties Regional Office of Education #2 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 resources available to finance the program. It is Alexander, Johnson, Massac, Pulaski, and Union Counties Regional Office of Education #2's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

G. Fund Accounting

The Regional Office of Education #2 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #2 uses governmental, proprietary, and fiduciary funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Regional Office of Education #2 are typically 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 Regional Office of Education #2 has presented all major funds that met the above qualifications.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

The Regional Office of Education #2 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #2. It is used to account for all financial resources, which benefit all school districts in the region except those required to be accounted for in another fund. General funds include the following:

Regional Office of Education/Intermediate Service Centers Operations - This fund accounts for the grant that provides funding for the Regional Office of Education #2.

Office Fund – This fund accounts for monies received from each of the five counties in the region for salaries, benefits, utilities, supplies, etc. of the Regional Office of Education #2.

Director's Fund – This fund accounts for the interest monies earned from the Distributive Fund which are used for the benefit of the Regional Office of Education #2 and its schools.

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 legally restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education - This fund is used to account for various grant and educational enhancement programs including the following:

Adult Education - This fund accounts for monies received from the Illinois Community College Board (ICCB) for academic and vocational adult education programs including the following:

Federal Basic - This fund accounts for federal monies received from the ICCB which provide for adult basic education (GED) services for adult education clients.

General Revenue - This fund accounts for monies accumulated over 35+ years from varying sources in order to support all functions of the Regional Office of Education #2's adult education program.

Performance - This fund accounts for State monies received from the ICCB that can be used for any purpose that supports the adult education program.

Public Assistance - This fund accounts for State funds received from the ICCB for vocational training for adult education clients including computer and certified nurse assistant classes.

State 3-1 - This fund accounts for State funds received from the ICCB for vocational training and can be used the same as Public Assistance funds.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Vocational Flow-Through - This fund accounts for State funding, as well as, the income generated from the operations of a print shop owned by the ROE which is utilized for the Adult Ed print shop class.

Area 6 South Tech Hub - This fund provides support for technology services for the Regional Office of Education #2 and the 19 school districts in its region.

Cairo Community Education Center - This fund provides support for the income and routine expenses of the Cairo Community Education Center.

English Language Learning Title III - This program provides training for administrators and teachers in schools who have English language learners. In-service includes legal requirements for ELL students as well as best classroom strategies for teachers.

Even Start - This fund assists schools in developing effective school-wide systems of behavior support by preventing misbehavior and teaching appropriate behavior and social skills.

Flexible Funding for Wraparound Plans - This fund provides services to at-risk clients from funds received from the Department of Children and Family Services.

General State Aid - This fund supports safe school and alternative education/adult education programs.

Department of Human Services/Southern Illinois Healthcare Kids in School - This fund provides head lice shampoo and supplies to families who can't afford them in order to get their children back into school.

McKinney Education for Homeless Children - The fund provides educational services and strives to heighten community awareness of the need to serve the homeless population.

Miscellaneous Grant Funds – This fund accounts for the revenue and expenditures of various federal, State, and local grant funds including the following: Kindergarten Standards Training, Title II – Teacher Quality, Title IV – Drug Awareness, Title V – Innovative Programs, Meth FOCUS grant, Standards Aligned Classroom, Southern Illinois Teaching – Quality Collaborative, and Wal-Mart grant.

Learn and Serve – This program encourages elementary and secondary schools and community-based agencies to create, develop, and offer service-learning opportunities for school-age youth. In addition, educate teachers about service and introduce young people to a broad range of careers and encourage them to pursue further education and training.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Mentoring New Principals – This fund provides mentoring services for new principals

Other State Programs - This fund provides services and programs to non-title schools as well as student, family, and community support services to all school districts in the Regional Office of Education #2's region on System of Support status. The fund also provides for the administrative costs for the direction of the program and grant management.

Regional Safe Schools - The fund provides instruction services and materials for safe school students referred to the Regional Office of Education #2 from local school districts.

Secretary of State Community Literacy - This fund provides volunteer tutoring services to individuals in the Regional Office of Education #2 area.

Service Fund - This fund accounts for local Masonic scholarship funds to provide scholarships to local high school graduates.

System of Support – Other State Programs – This program provides professional development and support to No Child Left Behind status schools. The focus of State programs is standards alignment, standards-aligned classrooms, and standards based curriculum.

System of Support – Title I School Improvement and Accountability – This fund supports the improvement of basic programs operated by the Regional Office of Education #2 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch.

System of Support – Title II Teacher Quality Leadership Grant – This fund provides professional development to assist teachers in becoming better instructional leaders.

Title I – Migrant Education - This program works with children of migrant families through the summer months to help them retain what was learned in the prior school year.

Title I - Reading First Part B SEA Funds - This fund provides comprehensive reading program training to teachers in order to facilitate student achievement in reading.

Mathematics and Science Partnership – This program is a professional development program designed to improve the content knowledge and pedagogical skills of 5<sup>th</sup> through 12<sup>th</sup> grade teachers in mathematics and science.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Concluded)

*Governmental Funds (Concluded)*

Truants Alternative/Optional Education - This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #2.

Workforce Investment Act - This program provides youth activities such as tutoring, summer employment opportunities, adult mentoring, and comprehensive guidance and counseling to individuals within the five county region.

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

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.

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

General Education Development - This fund accounts for the receipts and expenses pertaining to the G.E.D./High School Equivalency program for high school dropouts.

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.

*Proprietary Funds*

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #2 on a cost reimbursement basis are reported. The Regional Office of Education #2 reports the following nonmajor proprietary funds:

Workshops Fund - This fund accounts for the receipts and expenses pertaining to teacher meetings and workshops of a professional nature.

*Fiduciary Funds*

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #2 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:

Distributive Fund - This fund distributes monies received by the State to the school districts and other entities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Net Assets

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

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

Restricted net assets - Consists of net assets with constraints placed on 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 Regional Office of Education #2 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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 recorded at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

L. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

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.



**REGIONAL OFFICE OF EDUCATION #2**  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

N. Budget Information

The Regional Office of Education #2 acts as the administrative agent for certain grant programs that are accounted for within the General Fund and the Education Fund. These programs have separate budgets and are required to report to the Illinois State Board of Education and Illinois Community College Board; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: ROE/ISC Operations, Adult Education - Federal Basic, Adult Education - Performance, Adult Education - Public Assistance, Adult Education - State 3-1, Area 6 South Tech Hub, English Language Learning Title III, Even Start, McKinney Education for Homeless Children, Mathematics and Science Partnerships, Other State Programs, Regional Safe Schools, Secretary of State Community Literacy, System of Support – Other State Programs, System of Support Title I – School Improvement and Accountability, System of Support Title II – Teacher Quality – Leadership Grant, Title I – Migrant Education, Title I - Reading First Part B SEA Funds, Truants Alternative/Optional Education, and Workforce Investment Act.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Regional Office of Education #2 does not have a formal investment policy. The Regional Office of Education #2 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. Cash Deposits

At June 30, 2008, the carrying amount of the Regional Office of Education #2's government-wide and fiduciary fund deposits were \$1,811,612 and \$12,534 respectively, and the bank balances were \$2,010,736 and \$2,889,779, respectively.

At June 30, 2008, \$616,615 of the Regional Office of Education #2's cash deposits was insured by the Federal Deposit Insurance Corporation. Another \$4,267,285 was collateralized by securities pledged by the Regional Office of Education #2's financial institution in the name of the Regional Office.

B. Investments

The Regional Office of Education #2 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2008, the Regional Office of Education #2 had investments with carrying and fair value of \$16,615 invested in the Illinois Funds Money Market Fund.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
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**NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)**

*Credit Risk*

At June 30, 2008, the Illinois Funds Money Market Fund had a Standard and Poor's AAAm rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

*Interest Rate Risk*

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

*Concentration of Credit Risk*

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

**NOTE 3: DEFINED BENEFIT PENSION PLAN**

**Plan Description.** The Regional Office of Education #2'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 #2's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the Regional Office of Education #2'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 10.95 percent of annual covered payroll. The Regional Office of Education #2 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 Regional Office of Education #2's annual pension cost of \$51,602 for the Regular plan was equal to the Regional Office of Education #2's required and actual contributions.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)**

Actuarial Valuation Date	THREE YEAR TREND INFORMATION		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 51,602	100%	\$ 0
12/31/06	63,457	100%	0
12/31/05	41,776	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 Regional Office of Education #2'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 102.98 percent funded. The actuarial accrued liability for benefits was \$1,200,217 and the actuarial value of assets was \$1,235,960, resulting in an overfunded actuarial accrued liability (UAAL) of \$35,743. The covered payroll (annual payroll of active employees covered by the plan) was \$471,252 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

The Regional Office of Education #2 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.

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)**

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 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 member contribution rate was also 9.4 percent for the years ended June 30, 2007 and 2006. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 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 Regional Office of Education #2's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #2. For the year ended June 30, 2008, the State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #2 recognized revenue and expenditures of \$73,960 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 (\$66,891) and 7.06 percent (\$51,693), respectively. The state contributions to TRS for the years ended June 30, 2008 were based on an actuarial formula. The state contributions 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 Regional Office of Education #2 makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2008 were \$3,272. Contributions for the years ending June 30, 2007, and June 30, 2006, were \$3,963 and \$4,251, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #2, there is a statutory requirement for the Regional Office of Education #2 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 contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008, salaries totaling \$273,672 were paid from federal and special trust funds that required employer contributions of \$35,890. For the years ended June 30, 2007 and June 30, 2006, required Regional Office of Education #2 contributions were \$37,674 and \$30,072, respectively.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)**

- **Early retirement option.** The Regional Office of Education #2 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 was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2008, the Regional Office of Education #2 paid no employer contributions to TRS under the ERO programs. For the years ended June 30, 2007 and June 30, 2006, the Regional Office of Education #2 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two additional employer contributions to TRS. If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2008, the Regional Office of Education #2 paid no contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007 and June 30, 2006, the Regional Office of Education #2 paid no TRS for employer contributions due on salary increases in excess of 6 percent.

If Regional Office of Education #2 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #2 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 Regional Office of Education #2 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007, the Regional Office of Education #2 paid no employer contributions granted for sick leave days.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)**

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

**NOTE 5: COMPENSATED ABSENCES**

Vacation pay and sick pay are considered expenditures in the year paid. An employee may accumulate an unlimited number of vacation days for use in future years; however, upon termination, with a few exceptions, employees will only be paid a maximum of twenty days. At June 30, 2008, the liability for unused vacation days was \$17,195, and is shown on the Statement of Net Assets. The amount of vacation pay that was not used by the Regional Office of Education #2's employees and earned in prior years was \$33,082. Accumulated sick pay benefits are available to all full-time employees to use in future years. Unused sick pay is limited to a maximum of 48 days' pay. Upon termination, the employee is not compensated for any unused sick days; therefore, no accruals or reserves have been established.

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

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. These balances were eliminated in the government-wide Statement of Net Assets.

Fund	Due From Other Funds	Due to Other Funds
General Fund		
School Director's Fund	\$ 49,000	\$ -
ROE/ISC Operation	-	3,300
Special Revenue Fund		
General Education Development Institute	-	3,300 5,100
Education Fund		
Workforce Investment Act	-	24,000
Area 6 South Tech Hub	-	10,600
Even Start	-	2,700
	<u>\$ 49,000</u>	<u>\$ 49,000</u>

**REGIONAL OFFICE OF EDUCATION #2**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS**

The Regional Office of Education #2's General Fund, Agency Fund, and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:

General Fund		
Local Governments	\$	31,203
Special Revenue Fund – Education Fund		
Illinois State Board of Education		72,796
Fiduciary Fund – Distributive Fund		
Illinois State Board of Education		2,160,238
Total	\$	<u>2,264,237</u>

Due to Other Governmental Units:

Special Revenue Fund – Education Fund		
Local School Districts	\$	5,254
Fiduciary Fund – Distributive Fund		
Local School Districts		2,172,772
Total	\$	<u>2,178,026</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**NOTE 8: CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Regional Office of Education #2 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2008:

	Balance July 1, 2007	Reclassified	Additions	Deletions	Balance June 30, 2008
Governmental Funds:					
<u>General Fund</u>					
ROE/ISC Operations	\$ 305,884	\$ -	\$ -	\$ -	\$ 305,884
School Director's Fund	1,410	-	-	-	1,410
<u>Education Fund</u>					
Adult Education - Federal Basic	80,971	-	-	-	80,971
Adult Education - General Revenue	110,845	-	-	-	110,845
Adult Education - Performance	119,731	-	-	-	119,731
Adult Education - Public Assistance	16,812	-	-	-	16,812
Adult Education - State 3-1	78,603	1	549	-	79,153
Area 6 Tech Hub	2,696	-	-	-	2,696
Breakfast Grant	-	1,298	-	-	1,298
DCEO Grant - Eliminate the Digital Divide	32,248	-	-	-	32,248
Educational Service Center 18	-	-	-	-	-
Even Start	22,172	(18,822)	-	-	3,350
Federal Special Ed - IDEA Discretionary	-	14,185	-	-	14,185
Local Professional Development Committee	1,851	-	-	-	1,851
McKinney Education for Homeless Children	1,300	-	-	-	1,300
Near and Far Sciences in Illinois	5,600	-	-	-	5,600
Reading First - Academics	7,823	-	-	-	7,823
Regional Safe Schools	79,007	-	-	-	79,007
Scientific Literacy - Contractual	1,398	-	-	-	1,398
Secretary of State - New Chapters	-	-	-	-	-
SOS FY05 Title V	2,949	-	-	-	2,949
SOS Title II	-	-	4,995	-	4,995
State Aid	26,406	3,338	-	-	29,744
Technology Literacy Challenge Fund	1,299	-	-	-	1,299
Title IV - School & Drug Free/ Violence Prevention	6,028	-	-	-	6,028
Governmental Funds					
Total Capital Assets	905,033	-	5,544	-	910,577
Less: Accumulated Depreciation	701,941	-	44,027	-	745,968
Governmental Funds					
Investment in Capital Assets, Net	\$ 203,092	\$ -	\$ (38,483)	\$ -	\$ 164,609



**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 8: CAPITAL ASSETS (CONCLUDED)**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Business-type Activities:				
Registration Fund	\$ 16,122	\$ -	\$ -	\$ 16,122
Business-type Activities				
Total Capital Assets	16,122	-	-	16,122
Less: Accumulated Depreciation	11,287	2,051	-	13,338
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 4,835</u>	<u>\$ (2,051)</u>	<u>\$ -</u>	<u>\$ 2,784</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$44,027 and \$2,051 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2008. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

**NOTE 9: DISTRIBUTIVE FUND INTEREST**

A written agreement between the Regional Office of Education #2's school boards, which receive funds through the Regional Office of Education #2, provides for the retention of interest earned on the State Distributive Fund checking account by the Regional Superintendent to be used for the benefit of all of the districts in the region. During the year the distributive fund earned interest of \$25,360. At June 30, 2008 all accumulated interest had been distributed.

**NOTE 10: RISK MANAGEMENT**

The Regional Office of Education #2 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. Regional Office of Education #2 has purchased commercial insurance to cover these risks. During the year ended June 30, 2008, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE**

The Nonmajor Special Revenue Fund, Institute Fund has a deficit fund balance at June 30, 2008 of \$1,045. The Alexander-Johnson-Massac-Pulaski-Union County Regional Office of Education #2 will monitor expenses within this program during the course of the subsequent fiscal year.

The Nonmajor Special Revenue Fund, General Education Development Fund has a deficit fund balance at June 30, 2008 of \$869. The Alexander-Johnson-Massac-Pulaski-Union County Regional Office of Education #2 will monitor expenses within this program during the course of the subsequent fiscal year.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12: ON-BEHALF PAYMENTS**

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #2:

Regional Superintendent Salary	\$	101,187
Regional Superintendent Fringe Benefits (Includes State paid insurance)		14,024
Assistant Regional Superintendent Salary		76,783
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		3,303
TRS Pension Contributions		73,960
		<hr/>
Total	\$	<u>269,257</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 governmental fund financial statements as state revenue and expenditures.

**NOTE 13: TRANSFERS**

Interfund transfer in/out to other fund balances at June 30, 2008 consist of the following individual transfers in/out other funds in the governmental fund balance sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
System of Support Title I -		
School Improvement and Accountability	\$ 306	\$ -
Supervisory	14	-
Director's Fund	-	14
General State Aid	-	306
	<hr/>	<hr/>
Total	\$ 320	\$ 320

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
For the Year Ended June 30, 2008**

*UNAUDITED*

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	1,235,960	1,200,217	(35,743)	102.98%	471,252	0.00%
12/31/06	1,091,196	1,108,839	17,643	98.41%	492,678	3.58%
12/31/05	1,031,346	1,125,739	94,393	91.62%	532,173	17.74%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$1,329,844. On a market basis, the funded ratio would be 110.80%.

**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**

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2008

	ROE/ISC Operations	Office Fund	Director's Fund	TOTALS
<b>Assets</b>				
Cash	\$ 43	\$ 110,042	\$ 121,007	\$ 231,092
Due from other funds	-	-	49,000	49,000
Due from other governments	3,261	27,942	-	31,203
Total Assets	<u>\$ 3,304</u>	<u>\$ 137,984</u>	<u>\$ 170,007</u>	<u>\$ 311,295</u>
<b>Liabilities</b>				
Due to other funds	\$ 3,300	\$ -	\$ -	\$ 3,300
Deferred revenue	4	-	-	4
Total Liabilities	<u>3,304</u>	<u>-</u>	<u>-</u>	<u>3,304</u>
<b>Fund Balances</b>				
Unreserved	-	137,984	170,007	307,991
Total Fund Balances	<u>-</u>	<u>137,984</u>	<u>170,007</u>	<u>307,991</u>
Total Liabilities and Fund Balances	<u>\$ 3,304</u>	<u>\$ 137,984</u>	<u>\$ 170,007</u>	<u>\$ 311,295</u>

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 For the Year Ended June 30, 2008

	ROE/ISC Operation	Office Fund	Director's Fund	TOTALS
<b>Revenues:</b>				
Local sources	\$ -	\$ 60,850	\$ 7,479	\$ 68,329
State sources	72,697	-	-	72,697
State sources - payments made on behalf of region	269,257	-	-	269,257
<b>Total Revenues</b>	<b>341,954</b>	<b>60,850</b>	<b>7,479</b>	<b>410,283</b>
<b>Expenditures:</b>				
Salaries and benefits	70,839	50,226	7,393	128,458
Purchased services	1,858	30,252	23,911	56,021
Supplies and materials	-	5,181	1,557	6,738
Other objects	-	14,583	-	14,583
Payments made on behalf of region	269,257	-	-	269,257
<b>Total Expenditures</b>	<b>341,954</b>	<b>100,242</b>	<b>32,861</b>	<b>475,057</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>(39,392)</b>	<b>(25,382)</b>	<b>(64,774)</b>
<b>Other Financing Sources (Uses):</b>				
Transfer out	-	-	(14)	(14)
Interest	-	1,168	22,001	23,169
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,168</b>	<b>21,987</b>	<b>23,155</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(38,224)</b>	<b>(3,395)</b>	<b>(41,619)</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>176,208</b>	<b>173,402</b>	<b>349,610</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 137,984</b>	<b>\$ 170,007</b>	<b>\$ 307,991</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period 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	\$ 69,436	\$ 69,436	\$ 72,697
State sources - payments made on behalf of region	269,257	269,257	269,257
Total Revenues	<u>338,693</u>	<u>338,693</u>	<u>341,954</u>
Expenditures:			
Current:			
Salaries and benefits	67,089	67,089	70,839
Purchased services	2,347	2,347	1,858
Payments made on behalf of region	269,257	269,257	269,257
Total Expenditures	<u>338,693</u>	<u>338,693</u>	<u>341,954</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND

June 30, 2008

	Adult Education	Area 6 South Tech Hub	Cairo Community Education Center	English Language Learning Title III	Even Start
Assets					
Cash	\$ 170,433	\$ 48	\$ -	\$ -	\$ 37
Due from other governments	-	10,552	-	-	5,600
Total Assets	\$ 170,433	\$ 10,600	\$ -	\$ -	\$ 5,637
Liabilities					
Due to other funds	\$ -	\$ 10,600	\$ -	\$ -	\$ 2,700
Due to other governments	-	-	-	-	-
Accounts payable	18,660	-	-	-	2,937
Deferred revenue	2,039	-	-	-	-
Total Liabilities	20,699	10,600	-	-	5,637
Fund Balances					
Unreserved	149,734	-	-	-	-
Total Fund Balances	149,734	-	-	-	-
Total Liabilities and Fund Balances	\$ 170,433	\$ 10,600	\$ -	\$ -	\$ 5,637

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2008

	Flexible Funding for Wraparound Plans	General State Aid	Kids in School (DHS)	McKinney Education for Homeless Children	Miscellaneous Grant Funds	Mathematics and Science Partnerships	Other State Programs
Assets							
Cash	\$ 1,976	\$ 1,057,197	\$ 1,873	\$ 1,464	\$ 1,355	\$ 9,301	\$ 63,118
Due from other governments	-	-	-	-	-	11,324	-
Total Assets	\$ 1,976	\$ 1,057,197	\$ 1,873	\$ 1,464	\$ 1,355	\$ 20,625	\$ 63,118
Liabilities							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	5,254	-	-	-	-	-
Accounts payable	-	-	-	1,464	-	20,625	-
Deferred revenue	1,976	-	1,873	-	1,355	-	63,118
Total Liabilities	1,976	5,254	1,873	1,464	1,355	20,625	63,118
Fund Balances							
Unreserved	-	1,051,943	-	-	-	-	-
Total Fund Balances	-	1,051,943	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 1,976	\$ 1,057,197	\$ 1,873	\$ 1,464	\$ 1,355	\$ 20,625	\$ 63,118

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2008

	Regional Safe Schools	Secretary of State Community Literacy	Service Fund	System of Support Other State Programs	System of Support Title I - School Improvement and Accountability	System of Support Title II Teacher Quality Leadership Grant
Assets						
Cash	\$ 38	\$ 239	\$ 6,470	\$ -	\$ 128,456	\$ 64,273
Due from other governments	-	-	-	-	-	-
Total Assets	\$ 38	\$ 239	\$ 6,470	\$ -	\$ 128,456	\$ 64,273
Liabilities						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Accounts payable	-	131	-	-	93,537	-
Deferred revenue	38	108	-	-	34,919	64,273
Total Liabilities	\$ 38	\$ 239	\$ -	\$ -	\$ 128,456	\$ 64,273
Fund Balances						
Unreserved	-	-	6,470	-	-	-
Total Fund Balances	-	-	6,470	-	-	-
Total Liabilities and Fund Balances	\$ 38	\$ 239	\$ 6,470	\$ -	\$ 128,456	\$ 64,273

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2008

	Title I Migrant Education (07-4340-01)	Title I Reading First Part B SEA Funds (08-4337-00)	Truants Alternative/ Optional Education	Workforce Investment Act	Mentoring New Principals	Learn and Serve	Total
Assets							
Cash	\$ 25,889	\$ 9,210	\$ 203	\$ 73	\$ 3,505	\$ 3,461	\$ 1,548,619
Due from other governments	-	2,008	-	27,562	15,750	-	72,796
Total Assets	\$ 25,889	\$ 11,218	\$ 203	\$ 27,635	\$ 19,255	\$ 3,461	\$ 1,621,415
Liabilities							
Due to other funds	\$ -	\$ -	\$ -	\$ 24,000	\$ -	\$ -	\$ 37,300
Due to other governments	-	-	-	-	-	-	5,254
Accounts payable	-	11,218	-	3,635	14,000	-	166,207
Deferred revenue	25,889	-	203	-	5,255	3,461	204,507
Total Liabilities	\$ 25,889	\$ 11,218	\$ 203	\$ 27,635	\$ 19,255	\$ 3,461	\$ 413,268
Fund Balances							
Unreserved	-	-	-	-	-	-	1,208,147
Total Fund Balances	-	-	-	-	-	-	1,208,147
Total Liabilities and Fund Balances	\$ 25,889	\$ 11,218	\$ 203	\$ 27,635	\$ 19,255	\$ 3,461	\$ 1,621,415

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2008

	Adult Education	Area 6 South Tech Hub	Cairo Community Education Center	English Language Learning Title III	Even Start
<b>Revenues:</b>					
Local sources	\$ 23,842	\$ -	\$ -	\$ -	\$ -
State sources	347,593	12,518	-	-	-
Federal sources	233,725	-	-	5,000	78,180
<b>Total Revenues</b>	<b>605,160</b>	<b>12,518</b>	<b>-</b>	<b>5,000</b>	<b>78,180</b>
<b>Expenditures:</b>					
Salaries and benefits	519,039	12,186	4,407	-	58,594
Purchased services	66,885	332	18,139	3,458	14,798
Supplies and materials	46,902	-	46	1,542	4,788
Other objects	-	-	-	-	-
Capital outlay	\$49	-	-	-	-
Payments to other governments	-	-	-	-	-
<b>Total Expenditures</b>	<b>633,375</b>	<b>12,518</b>	<b>22,592</b>	<b>5,000</b>	<b>78,180</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(28,215)</b>	<b>-</b>	<b>(22,592)</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Interest	2,640	-	57	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,640</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(25,575)</b>	<b>-</b>	<b>(22,535)</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning</b>	<b>175,309</b>	<b>-</b>	<b>22,535</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 149,734</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 For the Year Ended June 30, 2008

	Flexible Funding for Wraparound Plans	General State Aid	Kids in School (DHS)	McKinney Education for Homeless Children	Miscellaneous Grant Funds	Mathematics and Science Partnerships	Other State Programs
<b>Revenues:</b>							
Local sources	\$ -	\$ 42,756	\$ -	\$ -	\$ 27,667	\$ -	\$ -
State sources	-	368,610	-	-	-	-	134,595
Federal sources	1,112	24,026	-	23,210	6,469	195,006	-
<b>Total Revenues</b>	<b>1,112</b>	<b>435,392</b>	<b>-</b>	<b>23,210</b>	<b>34,136</b>	<b>195,006</b>	<b>134,595</b>
<b>Expenditures:</b>							
Salaries and benefits	-	30,098	-	10,895	26,800	29,404	20,419
Purchased services	-	56,059	-	2,045	4,607	159,525	23,263
Supplies and materials	-	32,718	-	10,270	2,729	6,077	1,501
Other objects	1,112	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,112</b>	<b>118,875</b>	<b>-</b>	<b>23,210</b>	<b>34,136</b>	<b>195,006</b>	<b>89,624</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>316,517</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(212)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(306)	-	-	-	-	-
Interest	-	21,921	-	-	-	-	212
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>21,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>338,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>713,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ 1,051,943</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 For the Year Ended June 30, 2008

	Regional Safe Schools	Secretary of State Community Literacy	Service Fund	System of Support Other State Programs	System of Support Title I - School Improvement and Accountability	System of Support Title II Teacher Quality Leadership Grant
<b>Revenues:</b>						
Local sources	\$ -	\$ -	\$ 2,700	\$ -	\$ -	\$ -
State sources	111,455	48,600	-	86,800	-	-
Federal sources	-	-	-	-	1,070,868	139,284
<b>Total Revenues</b>	<b>111,455</b>	<b>48,600</b>	<b>2,700</b>	<b>86,800</b>	<b>1,070,868</b>	<b>139,284</b>
<b>Expenditures:</b>						
Salaries and benefits	87,446	26,149	-	3,563	180,571	-
Purchased services	14,122	21,146	500	20,365	14,126	42,501
Supplies and materials	9,887	1,305	-	2,436	11,039	1,730
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	4,995
Payments to other governments	-	-	-	60,666	865,438	90,058
<b>Total Expenditures</b>	<b>111,455</b>	<b>48,600</b>	<b>500</b>	<b>87,030</b>	<b>1,071,174</b>	<b>139,284</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>2,200</b>	<b>(230)</b>	<b>(306)</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	-	-	306	-
Transfers out	-	-	-	-	-	-
Interest	-	-	74	230	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>74</b>	<b>230</b>	<b>306</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>2,274</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>-</b>	<b>4,196</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Title I Migrant Education (07-4340-01)	Title I Reading First Part B SEA Funds (08-4337-00)	Tuants Alternative/ Optional Education	Workforce Investment Act	Mentoring New Principals	Learn and Serve	Total
<b>Revenues:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 14,000	\$ -	\$ 110,965
State sources	-	-	161,923	-	-	48,189	1,320,283
Federal sources	46,728	26,794	-	64,947	-	-	1,915,349
<b>Total Revenues</b>	<b>46,728</b>	<b>26,794</b>	<b>161,923</b>	<b>64,947</b>	<b>14,000</b>	<b>48,189</b>	<b>3,346,597</b>
<b>Expenditures:</b>							
Salaries and benefits	16,972	1,673	88,462	45,794	-	13,466	1,175,938
Purchased services	20,254	16,585	67,714	12,064	14,000	32,151	624,639
Supplies and materials	9,525	8,536	5,747	7,089	-	2,665	166,532
Other objects	-	-	-	-	-	-	1,112
Capital outlay	-	-	-	-	-	-	5,544
Payments to other governments	-	-	-	-	-	-	1,105,786
<b>Total Expenditures</b>	<b>46,751</b>	<b>26,794</b>	<b>161,923</b>	<b>64,947</b>	<b>14,000</b>	<b>48,282</b>	<b>3,079,551</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(93)</b>	<b>267,046</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	-	306
Transfers out	-	-	-	-	-	-	(306)
Interest	23	-	-	-	-	93	25,250
<b>Total Other Financing Sources (Uses)</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>25,250</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,296</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>915,851</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,208,147</b>



REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 ADULT EDUCATION PROGRAMS  
 June 30, 2008

	Federal Basic	General Revenue	Performance	Public Assistance	State 3-1	Vocational Flow-Through	Total
<b>Assets</b>							
Cash	\$ -	\$ 149,734	\$ 2,039	\$ -	\$ 18,660	\$ -	\$ 170,433
<b>Total Assets</b>	\$ -	\$ 149,734	\$ 2,039	\$ -	\$ 18,660	\$ -	\$ 170,433
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 18,660	\$ -	\$ 18,660
Deferred revenue	-	-	2,039	-	-	-	2,039
<b>Total Liabilities</b>	-	-	2,039	-	18,660	-	20,699
<b>Fund Balances</b>							
Unreserved	-	149,734	-	-	-	-	149,734
<b>Total Fund Balances</b>	-	149,734	-	-	-	-	149,734
<b>Total Liabilities and Fund Balances</b>	\$ -	\$ 149,734	\$ 2,039	\$ -	\$ 18,660	\$ -	\$ 170,433

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION PROGRAMS  
For the Year Ended June 30, 2008

	Federal Basic	General Revenue	Performance	Public Assistance	State 3-1	Vocational Flow-Through	Total
<b>Revenues:</b>							
Local sources	\$ -	\$ 23,842	\$ -	\$ -	\$ -	\$ -	\$ 23,842
State sources	-	-	39,838	36,131	222,441	49,183	347,593
Federal sources	233,725	-	-	-	-	-	233,725
<b>Total Revenues</b>	<u>233,725</u>	<u>23,842</u>	<u>39,838</u>	<u>36,131</u>	<u>222,441</u>	<u>49,183</u>	<u>605,160</u>
<b>Expenditures:</b>							
Salaries and benefits	201,354	37,081	3,581	33,056	196,634	47,333	519,039
Purchased services	8,550	3,428	26,942	2,713	23,402	1,850	66,885
Supplies and materials	23,821	11,548	9,315	362	1,856	-	46,902
Capital outlay	-	-	-	-	549	-	549
<b>Total Expenditures</b>	<u>233,725</u>	<u>52,057</u>	<u>39,838</u>	<u>36,131</u>	<u>222,441</u>	<u>49,183</u>	<u>633,375</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(28,215)	-	-	-	-	(28,215)
<b>Other Financing Sources (Uses):</b>							
Interest	-	2,640	-	-	-	-	2,640
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>2,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,640</u>
Net Changes in Fund Balances	-	(25,575)	-	-	-	-	(25,575)
Fund Balances - Beginning	-	175,309	-	-	-	-	175,309
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ 149,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,734</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - FEDERAL BASIC**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 233,725	\$ 233,725	\$ 233,725
Total Revenues	<u>233,725</u>	<u>233,725</u>	<u>233,725</u>
Expenditures:			
Salaries and benefits	199,288	199,288	201,354
Purchased services	11,417	11,417	8,550
Supplies and materials	23,020	23,020	23,821
Total Expenditures	<u>233,725</u>	<u>233,725</u>	<u>233,725</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**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	\$ 41,877	\$ 41,877	\$ 39,838
Total Revenues	<u>41,877</u>	<u>41,877</u>	<u>39,838</u>
Expenditures:			
Salaries and benefits	4,873	4,873	3,581
Purchased services	18,857	18,857	26,942
Supplies and materials	18,147	18,147	9,315
Total Expenditures	<u>41,877</u>	<u>41,877</u>	<u>39,838</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - PUBLIC ASSISTANCE**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 36,131	\$ 36,131	\$ 36,131
Total Revenues	<u>36,131</u>	<u>36,131</u>	<u>36,131</u>
Expenditures:			
Salaries and benefits	33,953	33,953	33,056
Purchased services	1,928	1,928	2,713
Supplies and materials	250	250	362
Total Expenditures	<u>36,131</u>	<u>36,131</u>	<u>36,131</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - STATE 3-1**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 223,441	\$ 223,441	\$ 222,441
Total Revenues	<u>223,441</u>	<u>223,441</u>	<u>222,441</u>
Expenditures:			
Salaries and benefits	192,807	192,807	196,634
Purchased services	26,634	26,634	23,402
Supplies and materials	4,000	4,000	1,856
Capital outlay	-	-	549
Total Expenditures	<u>223,441</u>	<u>223,441</u>	<u>222,441</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**AREA 6 SOUTH TECH HUB**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 11,611	\$ 11,611	\$ 12,518
Total Revenues	<u>11,611</u>	<u>11,611</u>	<u>12,518</u>
Expenditures:			
Salaries and benefits	11,399	11,399	12,186
Purchased services	212	212	332
Total Expenditures	<u>11,611</u>	<u>11,611</u>	<u>12,518</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**ENGLISH LANGUAGE LEARNING TITLE III**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 5,000	\$ 5,000	\$ 5,000
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Expenditures:			
Purchased services	4,000	4,000	3,458
Supplies and materials	1,000	1,000	1,542
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the period July 1, 2007 through June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**EVEN START**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 78,179	\$ 78,179	\$ 78,180
Total Revenues	<u>78,179</u>	<u>78,179</u>	<u>78,180</u>
Expenditures:			
Salaries and benefits	58,939	58,939	58,594
Purchased services	13,150	13,150	14,798
Supplies and materials	6,090	6,090	4,788
Total Expenditures	<u>78,179</u>	<u>78,179</u>	<u>78,180</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2007 to June 30, 2008)  
**EDUCATION FUND ACCOUNTS**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 23,210	\$ 23,210	\$ 23,210
Total Revenues	<u>23,210</u>	<u>23,210</u>	<u>23,210</u>
Expenditures:			
Salaries and benefits	11,587	11,587	10,895
Purchased services	1,435	1,435	2,045
Supplies and materials	10,188	10,188	10,270
Total Expenditures	<u>23,210</u>	<u>23,210</u>	<u>23,210</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2007 to June 30, 2008)  
**EDUCATION FUND ACCOUNTS**  
**MATHEMATICS AND SCIENCE PARTNERSHIPS (FY 2007)**  
 For the Year Ended June 30, 2008

	Budgeted Amounts						Actual Amounts
	Original		Final		Final		
	07/01/06	06/30/07	07/01/07	06/30/07	07/01/07	06/30/08	
<b>Revenues:</b>							
Federal sources	\$ 240,464	\$ 93,009	\$ 240,464	\$ 93,009	\$ 240,464	\$ 93,009	195,006
<b>Total Revenues</b>	<b>240,464</b>	<b>93,009</b>	<b>240,464</b>	<b>93,009</b>	<b>240,464</b>	<b>93,009</b>	<b>195,006</b>
<b>Expenditures:</b>							
Salaries and benefits	23,726	20,167	23,726	20,167	23,726	20,167	29,404
Purchased services	205,156	72,592	205,156	72,592	205,156	72,592	159,525
Supplies and materials	11,582	250	11,582	250	11,582	250	6,077
<b>Total Expenditures</b>	<b>240,464</b>	<b>93,009</b>	<b>240,464</b>	<b>93,009</b>	<b>240,464</b>	<b>93,009</b>	<b>195,006</b>
Net Change in Fund Balances	-	-	-	-	-	-	-
Fund Balances - Beginning	-	-	-	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to August 31, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**OTHER STATE PROGRAMS**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 197,713	\$ 197,713	\$ 134,595
Total Revenues	<u>197,713</u>	<u>197,713</u>	<u>134,595</u>
Expenditures:			
Salaries and benefits	28,161	28,161	20,419
Purchased services	167,023	167,023	23,263
Supplies and materials	2,529	2,529	1,501
Payments to other governments	-	-	89,624
Total Expenditures	<u>197,713</u>	<u>197,713</u>	<u>134,807</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(212)</u>
Other Financing Sources (Uses):			
Interest	-	-	212
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>212</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**REGIONAL SAFE SCHOOLS**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 111,455	\$ 111,455	\$ 111,455
Total Revenues	<u>111,455</u>	<u>111,455</u>	<u>111,455</u>
Expenditures:			
Salaries and benefits	87,718	87,718	87,446
Purchased services	15,431	15,431	14,122
Supplies and materials	8,306	8,306	9,887
Total Expenditures	<u>111,455</u>	<u>111,455</u>	<u>111,455</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2007 to June 30, 2008)  
**EDUCATION FUND ACCOUNTS**  
**SECRETARY OF STATE COMMUNITY LITERACY**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 48,600	\$ 48,600	\$ 48,600
Total Revenues	<u>48,600</u>	<u>48,600</u>	<u>48,600</u>
Expenditures:			
Salaries and benefits	28,629	28,629	26,149
Purchased services	19,300	19,300	21,146
Supplies and materials	671	671	1,305
Total Expenditures	<u>48,600</u>	<u>48,600</u>	<u>48,600</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
(For the Period of July 1, 2007 to August 31, 2008)  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - OTHER STATE PROGRAMS**  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 200,000	\$ 200,000	\$ 86,800
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>86,800</u>
Expenditures:			
Salaries and benefits	23,477	23,477	3,563
Purchased services	55,835	55,835	20,365
Supplies and materials	5,733	5,733	2,436
Payments to other governments	114,955	114,955	60,666
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>87,030</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(230)</u>
Other Financing Sources (Uses):			
Interest	-	-	230
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>230</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
BUDGETARY COMPARISON SCHEDULE

(For the Period of July 1, 2007 to August 31, 2008)

EDUCATION FUND ACCOUNTS  
SYSTEM OF SUPPORT - TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY  
For the Year Ended June 30, 2008

	Budgeted Amounts				Actual Amounts
	Original		Final		
	07/01/06 06/30/07	07/01/07 06/30/08	07/01/06 06/30/07	07/01/07 06/30/08	
Revenues:					
Federal sources	\$ 810,000	\$ 944,367	\$ 810,000	\$ 944,367	\$ 1,070,868
Total Revenues	<u>810,000</u>	<u>944,367</u>	<u>810,000</u>	<u>944,367</u>	<u>1,070,868</u>
Expenditures:					
Salaries and benefits	137,899	153,793	137,899	153,793	180,571
Purchased services	243,896	281,169	243,896	281,169	14,126
Supplies and materials	7,555	8,635	7,555	8,635	11,039
Payments to other governments	420,650	500,770	420,650	500,770	865,438
Total Expenditures	<u>810,000</u>	<u>944,367</u>	<u>810,000</u>	<u>944,367</u>	<u>1,071,174</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	<u>(306)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	306
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balances - Beginning	-	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2007 to August 31, 2008)  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - TITLE II - TEACHER QUALITY - LEADERSHIP GRANT**  
 For the Year Ended June 30, 2008

	Budgeted Amounts				Actual Amounts
	Original		Final		
	07/01/06 06/30/07	07/01/07 06/30/08	07/01/06 06/30/07	07/01/07 06/30/08	
Revenues:					
Federal sources	\$ 56,000	\$ 141,593	\$ 103,360	\$ 141,593	\$ 139,284
Total Revenues	<u>56,000</u>	<u>141,593</u>	<u>103,360</u>	<u>141,593</u>	<u>139,284</u>
Expenditures:					
Purchased services	22,640	20,585	70,000	20,585	42,501
Supplies and materials	-	1,495	-	1,495	1,730
Capital outlay	-	5,000	-	5,000	4,995
Payments to other governments	33,360	114,513	33,360	114,513	90,058
Total Expenditures	<u>56,000</u>	<u>141,593</u>	<u>103,360</u>	<u>141,593</u>	<u>139,284</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balances - Beginning	-	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of September 1, 2007 to August 31, 2007)  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - MIGRANT EDUCATION (07-4340-01) (FY2007)**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 42,536	\$ 42,536	\$ 46,728
Total Revenues	<u>42,536</u>	<u>42,536</u>	<u>46,728</u>
Expenditures:			
Salaries and benefits	18,972	18,972	16,972
Purchased services	11,887	14,887	20,254
Supplies and materials	11,677	8,677	9,525
Total Expenditures	<u>42,536</u>	<u>42,536</u>	<u>46,751</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(23)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>23</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>23</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2007 to June 30, 2008)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - READING FIRST PART B SEA FUNDS (FY2008)**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 34,200	\$ 34,200	\$ 26,794
Total Revenues	<u>34,200</u>	<u>34,200</u>	<u>26,794</u>
Expenditures:			
Salaries and benefits	1,647	1,647	1,673
Purchased services	23,608	23,608	16,585
Supplies and materials	8,945	8,945	8,536
Total Expenditures	<u>34,200</u>	<u>34,200</u>	<u>26,794</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2007 to June 30, 2008)  
**EDUCATION FUND ACCOUNTS**  
**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 146,593	\$ 146,593	\$ 161,923
Total Revenues	<u>146,593</u>	<u>146,593</u>	<u>161,923</u>
Expenditures:			
Salaries and benefits	100,439	92,391	88,462
Purchased services	40,533	49,258	67,714
Supplies and materials	5,621	4,944	5,747
Total Expenditures	<u>146,593</u>	<u>146,593</u>	<u>161,923</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period July 1, 2007 to June 30, 2008)  
**EDUCATION FUND ACCOUNTS**  
**WORKFORCE INVESTMENT ACT**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 57,290	\$ 57,290	\$ 64,947
Total Revenues	<u>57,290</u>	<u>57,290</u>	<u>64,947</u>
Expenditures:			
Salaries and benefits	45,182	45,182	45,794
Purchased services	12,108	12,108	12,064
Supplies and materials	-	-	7,089
Total Expenditures	<u>57,290</u>	<u>57,290</u>	<u>64,947</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2008**

	<u>Institute</u>	<u>Bus Driver Permit</u>	<u>Supervisory</u>	<u>General Education Development</u>	<u>Totals</u>
Assets					
Cash	\$ 4,055	\$ 410	\$ -	\$ 2,431	\$ 6,896
Total Assets	<u>\$ 4,055</u>	<u>\$ 410</u>	<u>\$ -</u>	<u>\$ 2,431</u>	<u>\$ 6,896</u>
Liabilities:					
Due to other funds	\$ 5,100	\$ -	\$ -	\$ 3,300	\$ 8,400
Fund Balances:					
Unreserved	(1,045)	410	-	(869)	(1,504)
Total Liabilities and Fund Balances	<u>\$ 4,055</u>	<u>\$ 410</u>	<u>\$ -</u>	<u>\$ 2,431</u>	<u>\$ 6,896</u>

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended June 30, 2008

	Institute	Bus Driver Pennit	Supervisory	General Education Development	Totals
<b>Revenue:</b>					
Local sources	\$ 9,215	\$ 1,225	\$ -	\$ 5,078	\$ 15,518
State sources	-	720	5,000	-	5,720
Total Revenues	<u>9,215</u>	<u>1,945</u>	<u>5,000</u>	<u>5,078</u>	<u>21,238</u>
<b>Expenditures:</b>					
Salaries and benefits	5,612	1,346	-	368	7,326
Purchased services	6,587	909	5,028	1,355	13,879
Supplies and materials	681	-	-	3,196	3,877
Total Expenditures	<u>12,880</u>	<u>2,255</u>	<u>5,028</u>	<u>4,919</u>	<u>25,082</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,665)</u>	<u>(310)</u>	<u>(28)</u>	<u>159</u>	<u>(3,844)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	14	-	14
Interest	121	1	14	232	368
Total Other Financing Sources (Uses)	<u>121</u>	<u>1</u>	<u>28</u>	<u>232</u>	<u>382</u>
Net Change in Fund Balances	(3,544)	(309)	-	391	(3,462)
Fund Balance - Beginning	<u>2,499</u>	<u>719</u>	<u>-</u>	<u>(1,260)</u>	<u>1,958</u>
Fund Balance - Ending	<u>\$ (1,045)</u>	<u>\$ 410</u>	<u>\$ -</u>	<u>\$ (869)</u>	<u>\$ (1,504)</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**For the Year Ended June 30, 2008**

	Balance 6/30/07	Additions	Deductions	Balance 6/30/08
<u>Distributive Fund</u>				
Assets				
Cash	\$ 33,682	\$ 56,703,314	\$ 56,724,462	\$ 12,534
Due from other governments	962,152	2,160,238	962,152	2,160,238
Total Assets	<u>\$ 995,834</u>	<u>\$ 58,863,552</u>	<u>\$ 57,686,614</u>	<u>\$ 2,172,772</u>
Liabilities				
Due to other governments	\$ 995,834	\$ 58,863,552	\$ 57,686,614	\$ 2,172,772
Total Liabilities	<u>\$ 995,834</u>	<u>\$ 58,863,552</u>	<u>\$ 57,686,614</u>	<u>\$ 2,172,772</u>





**REGIONAL OFFICE OF EDUCATION #1**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2008**

DISTRIBUTIONS	Acct. No.	6 Vienna SD 55	7 Cypress School Dist #64	8 Janet Ulrich Reg. Supt. of Schools	9 Vienna High School Dist. 13-3	10 Massac UD 1	11 Joppa-Maple Grove UD 38
<b>Local Funds</b>							
Disbunitive Fund Interest	1510	\$	\$	\$		\$	\$
<b>Total Local Funds</b>		-	-	-	-	-	-
<b>State Funds</b>							
General State Aid - Sec. 18-8	3001		608,365		1,474,624	8,529,262	313,319
General State Aid - Hold Harmless	3002						
Fast Growth Grants	3030		7,512				
Transition Assistance	3099						
Sp. Ed. - Private Facility Tuition	3100					11,133	
Sp. Ed. - Extraordinary	3105		13,780		41,840	250,350	32,220
Sp. Ed. - Personnel	3110		14,796		10,103	223,053	42,790
Sp. Ed. - Orphanage - Individual	3120					49,220	
Sp. Ed. - Orphanage - Summer Individual	3130						
Sp. Ed. - Summer School	3145						
Bilingual Ed. - Downstate	3305					1,887	
State Free Lunch & Breakfast	3360		1,463	1,228	2,602	22,636	3,831
School Breakfast Incentive	3365		266	4	215	2,007	21
Driver Education	3370				13,329	22,182	2,939
Transportation - Regular	3500		42,626		102,597	359,783	101,577
Transportation - Vocational	3505						
Transportation - Special Education	3510		8,864		21,439	178,057	10,807
ROE School Bus Driver Training	3520						
National BD Cert. Initiatives	3651						
Transit Alternative/Operational Ed	3845						
Regional Safe Schools Program	3896						
Early Childhood - State Preschool At Risk	3705		63,906			396,338	86,563
K-6 Reading Improvement	3715		5,385			82,375	14,945
Reading Improvement Block Reco	3720						
ROE/ESC Operations	3730						
Supervisory Expense	3745						
ADA Safety & Education Block Grant	3775		4,274		13,168	75,572	9,437
Summer Bridge Program	3825						
School Infrastructure Maintenance Grant	3925						
Arts and Foreign Language	3962						
Class Size Reduction	3981						
Education Facilities Grant	3999						
Technology Revolving Loan	7500						
<b>Total State Funds</b>			771,237	1,232	1,679,917	10,205,875	618,449
<b>Federal Funds</b>							
Forest Reserve	4001	557				363	
Title VI - Formula	4100		186		544	3,583	671
Title VI - Rural Education Init.	4107						
National School Lunch Program	4210		26,265	14,955	46,527	367,424	62,676
School Breakfast Program	4220		11,373	9,072	19,210	152,074	32,943
Child Nutrition Comm/Salvage	4250						
IASA - Title I - Low Income	4300		64,496		42,083	536,594	165,290
IASA - Title I - School Improvement	4331						
IASA - Title I - School Reform	4332						
Title I - Reading First	4334					4,963	
IASA - Even Start	4335						
Illinois Reading First	4337						
IASA - Title I - Migrant Education	4340						
IASA - Drug Free Schools - Formula	4400						
Title IV - 21 Century CLC	4421		1,485		1,274	13,931	2,830
Fed Sp Ed - Pre-School Flow Through	4600						
Fed Sp Ed - IDEA - Flow Through	4620					528,582	
Fed Sp Ed - IDEA - Room & Board	4625					100,729	
Title II - Teacher Quality	4932		15,668		20,690	156,299	30,883
IASA - Title II - Teacher Quality - Leadership	4935						
Math & Science Partnerships	4936						
Technology Enhancing Education - Formula	4971				498	5,279	1,858
Technology Enhancing Tech - Comp	4972						
Hurricane Emergency Relief	4995						
Lincoln-Academic Awards	6999						
<b>Total Federal Funds</b>		557	119,473	24,027	130,826	1,859,821	297,151
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 557</b>	<b>\$ 890,710</b>	<b>\$ 25,259</b>	<b>\$ 1,810,743</b>	<b>\$ 12,065,696</b>	<b>\$ 915,600</b>

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SCHEDULE OF DISBURSEMENTS TO SCHOOL, DISTRICT TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the Year Ended June 30, 2008

DISTRIBUTIONS	Acct No	13 Century CUSD 100	14 Meridian CUSD #101	15 JAMP Special Ed. Services	16 Lick Creek CCSD #16	17 Cobden SUD #17	18 Anna School Dist #37
<b>Local Funds</b>							
Distributive Fund Interest	1510	\$	\$	\$	\$	\$	\$
<b>Total Local Funds</b>		-	-	-	-	-	-
<b>State Funds</b>							
General State Aid - Sec. 18-X	3001		4,177,960		498,486	1,162,765	2,842,189
General State Aid - Hold Harmless	3002						
Fast Growth Grants	3030						
Transition Assistance	3099						
Sp. Ed. - Private Facility Tuition	3100					11,743	
Sp. Ed. - Extraordinary	3105		87,106		12,474	73,039	78,701
Sp. Ed. - Personnel	3110		109,255		5,678	50,051	94,022
Sp. Ed. - Orphanage - Individual	3120		22,760			8,698	37,388
Sp. Ed. - Orphanage - Summer Individual	3130						
Sp. Ed. - Summer School	3145						
Bilingual Ed. - Downstate	3305					304	
State Free Lunch & Breakfast	3360		13,089		989	5,834	6,927
School Breakfast Incentive	3365		350			115	212
Driver Education	3370		7,424			7,733	
Transportation - Regular	3500		266,605		29,006	51,056	21,880
Transportation - Vocational	3505						
Transportation - Special Education	3510		28,481		7,616	110,271	46,085
ROE School Bus Driver Training	3520						
National RD Cert. Initiatives	3651						
Truants Alternative/Operational Ed.	3695						
Regional Safe Schools Program	3696						
Early Childhood - State Preschool At Risk	3705		334,123				
K-6 Reading Improvement	3715		38,702		5,383	22,406	18,296
Reading Improvement Block Reop	3720						85,357
ROE/ESC Operations	3730						
Supervisory Expense	3745						
ADA Safety & Education Block Grant	3775		22,593		4,074	22,158	23,525
Summer Bridges Program	3825		42,506				
School Infrastructure/Maintenance Grant	3925						
Arts and Foreign Language	3962						14,294
Class Size Reduction	3981		140,000				
Education Facilities Grant	3999						
Technology Revolving Loan	7500						
<b>Total State Funds</b>		-	5,290,954	-	563,706	3,526,173	3,288,806
<b>Federal Funds</b>							
Forest Reserve	4001				409	1,350	
Title VI - Formula	4100		1,824		134	11,066	1,616
Title VI - Rural Education Init.	4107		14,483				
National School Lunch Program	4210		213,543		18,670	103,932	122,283
School Breakfast Program	4220		83,847		8,935	27,679	47,120
Child Nutrition Comm. Salvage	4250						
IASA - Title I - Low Income	4300		504,896		13,321	152,077	174,983
IASA - Title I - School Improvement	4331						
IASA - Title I - School Reform	4332						
Title I - Reading First	4334						
IASA - Even Start	4335						
Illinois Reading First	4337						
IASA - Title I - Migrant Education	4340						
IASA - Drug Free Schools - Formula	4400		6,368		388	3,076	4,288
Title IV - 21 Century CLC	4421						
Fed. - Sp. Ed. - Pre-School Flow Through	4600						
Fed. - Sp. Ed. - IDEA - Flow Through	4620						
Fed. - Sp. Ed. - IDEA - Room & Board	4625		2,013				
Title II - Teacher Quality	4932		102,060		4,940	15,460	71,868
IASA - Title II - Teacher Quality - Leadership	4935						
Math & Science Partnerships	4936						
Technology Enhancing Education - Formula	4971		6,404			2,370	2,679
Technology Enhancing Tech - Comp	4972						
Hurricane Emergency Relief	4995						
Lincoln-Academic Awards	4999						
<b>Total Federal Funds</b>		-	935,438	-	46,797	317,010	424,837
<b>TOTAL DISTRIBUTIONS</b>		\$ -	\$ 6,226,392	\$ -	\$ 610,503	\$ 3,843,183	\$ 3,713,643

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the Year Ended June 30, 2008

DISTRIBUTIONS	Acct No.	19 Jonesboro CCSD #43	21 Anna-Jonesboro CHSD #81	22 Shawnee CUSD #4	23 Transportation Fund	25 Migrant Education	26 Lincoln-Academic Awards	30 ROE/ISC Operations
<b>Local Funds</b>								
Distributive Fund Interest	1510	\$	\$	\$	\$	\$	\$	\$
Total Local Funds		-	-	-	-	-	-	-
<b>State Funds</b>								
General State Aid - Sec 18-8	3001	1,825,214	2,157,504	829,087				
General State Aid - Hold Harmless	3002			418,486				
Fast Growth Grants	3030		34,075					
Transition Assistance	3099							
Sp. Ed. - Private Facility Tuition	3100							
Sp. Ed. - Extraordinary	3105	44,209	62,213	57,094				
Sp. Ed. - Personnel	3110	39,367	28,627	65,881				
Sp. Ed. - Orphanage - Individual	3120							
Sp. Ed. - Orphanage - Summer Individual	3130							
Sp. Ed. - Summer School	3145							
Bilingual Ed. - Downstate	3305							
State Free Lunch & Breakfast	3360	4,571	2,038	7,177				
School Breakfast Incentive	3365	45	77	325				
Driver Education	3370			19,982	5,877			
Transportation - Regular	3500	80,482	61,182	224,429				
Transportation - Vocational	3805							
Transportation - Special Education	3510	29,396	28,995	120,955				
ROE School Bus Driver Training	3520				720			
National BD Cert. Initiatives	3651							
Truants Alternative/Operational Ed.	3695							
Regional Safe Schools Program	3696							
Early Childhood - State Preschool At Risk	3705	894,886						
K-6 Reading Improvement	3715	21,044		21,897				
Reading Improvement Block Room	3720							
ROE/ISC Operations	3730							69,436
Supervisory Expense	3745							
ADA Safety & Education Block Grant	3775	13,075	19,443	16,872				
Summer Bridges Program	3825							
School Infrastructure/Maintenance Grant	3925							
Arts and Foreign Language	3962							
Class Size Reduction	3981							
Education Facilities Grant	3999							
Technology Revolving Loan	7500							
Total State Funds		2,952,289	2,414,136	1,768,080	720	-	-	69,436
<b>Federal Funds</b>								
Forest Reserve	4001	703		3,139				
Title VI - Formula	4100	307	896	965				
Title VI - Rural Education Init	4107							
National School Lunch Program	4210	73,232	40,770	113,745				
School Breakfast Program	4220	12,706	11,726	65,597				
Child Nutrition Comm/Salvage	4250							
LASA - Title I - Low Income	4300	101,550	122,528	206,446				
LASA - Title I - School Improvement	4331							
LASA - Title I - School Reform	4332							
Title I - Reading First	4334							
LASA - Even Start	4335							
Illinois Reading First	4337							
LASA - Title I - Migrant Education	4340					33,660		
LASA - Drug Free Schools - Formula	4400	937	2,321	5,127				
Title IV - 21 Century CLC	4421							
Fed - Sp. Ed. - Pre-School Flow Through	4600							
Fed - Sp. Ed. - IDEA - Flow Through	4620							
Fed - Sp. Ed. - IDEA - Room & Board	4625							
Title II - Teacher Quality	4932	24,601	25,112	31,811				
LASA - Title II - Teacher Quality - Leadership	4935							
Math & Science Partnerships	4936							
Technology Enhancing Education - Formula	4971	1,053	1,153					
Technology Enhancing Tech - Comp	4972							
Hurricane Emergency Relief	4995							
Lincoln-Academic Awards	4999						5,000	
Total Federal Funds		245,098	206,506	426,830	-	33,660	5,000	-
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 3,197,387</b>	<b>\$ 2,618,642</b>	<b>\$ 2,194,910</b>	<b>\$ 720</b>	<b>\$ 33,660</b>	<b>\$ 5,000</b>	<b>\$ 69,436</b>

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the Year Ended June 30, 2008

DISTRIBUTIONS	Acct. No.	32 Even Start	34 Five County Vocational System	35 Regions Bank	36 Supervisory	37 Pre-School Flow Through	38 Truants/Alternative Education
<b>Local Funds</b>							
Distributive Fund Interest	1510	\$	\$	\$ 7,758			
Total Local Funds		-	-	7,758	-	-	-
<b>State Funds</b>							
General State Aid - Sec 18-N	3001						
General State Aid - Hold Harmless	3002						
Fast Growth Grants	3030						
Transition Assistance	3099						
Sp. Ed. - Private Facility Tuition	3100						
Sp. Ed. - Extraordinary	3105						
Sp. Ed. - Personnel	3110						
Sp. Ed. - Orphanage - Individual	3120						
Sp. Ed. - Orphanage - Summer Individual	3130						
Sp. Ed. - Summer School	3145						
Bilingual Ed. - Downstate	3305						
State Free Lunch & Breakfast	3360						
School Breakfast Incentive	3365						
Driver Education	3370						
Transportation - Regular	3500						
Transportation - Vocational	3505						
Transportation - Special Education	3510						
ROE School Bus Driver Training	3520						
National BD Cert. Initiatives	3651						
Truants Alternative/Operational Ed	3695						161,923
Regional Safe Schools Program	3696						
Early Childhood - State Preschool At Risk	3705						
K-4 Reading Improvement	3715						
Reading Improvement Block Reop	3720						
ROE ESC Operations	3730						
Supervisory Expense	3745				5,000		
ADA Safety & Education Block Grant	3775						
Summer Bridges Program	3825						
School Infrastructure/Maintenance Grant	3925						
Arts and Foreign Language	3962						
Class Size Reduction	3981						
Education Facilities Grant	3999		317,269				
Technology Revolving Loan	7500						
Total State Funds		-	217,269	-	5,000	-	161,923
<b>Federal Funds</b>							
Forest Reserve	4001					223	
Title VI - Formula	4100						
Title VI - Rural Education Init.	4107						
National School Lunch Program	4210						
School Breakfast Program	4220						
Child Nutrition Comm-Salvage	4250						
IASA - Title I - Low Income	4300						
IASA - Title I - School Improvement	4331		1,017,373				
IASA - Title I - School Reform	4332						
Title I - Reading First	4334						
IASA - Even Start	4335	69,401					
Illinois Reading First	4337						
IASA - Title I - Migrant Education	4340						
IASA - Drug Free Schools - Formula	4400					366	
Title IV - 21 Century CLC	4421						
Fed. Sp. Ed. - Pre-School Flow Through	4600					27,959	
Fed. Sp. Ed. - IDEA - Flow Through	4620						
Fed. Sp. Ed. - IDEA - Room & Board	4625						
Title II - Teacher Quality	4932					1,380	
IASA - Title II - Teacher Quality - Leadership	4935		177,018				
Math & Science Partnerships	4936						
Technology Enhancing Education - Formula	4971						
Technology Enhancing Tech - Comp	4972						
Humanitarian Emergency Relief	4995						
Lincoln Academic Awards	4999						
Total Federal Funds		69,401	1,194,391	-	-	29,928	-
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 69,401</b>	<b>\$ 1,411,660</b>	<b>\$ 7,758</b>	<b>\$ 5,000</b>	<b>\$ 29,928</b>	<b>\$ 161,923</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2008**

DISTRIBUTIONS	Acct No	39 City National Bank	44 Regional Safe Schools	49 General State Aid	52 Math & Science Partnerships	53 Reading First
<b>Local Funds</b>						
Distributive Fund Interest	1510	17,602	\$	\$	\$	\$
Total Local Funds		17,602	-	-	-	-
<b>State Funds</b>						
General State Aid - Sec. 18-B	3001			367,377		
General State Aid - Hold Harmless	3002					
Fast Growth Grant	3030					
Transition Assistance	3099					
Sp. Ed - Private Facility Tuition	3100					
Sp. Ed - Extraordinary	3105					
Sp. Ed. - Personnel	3110					
Sp. Ed. - Orphanage - Individual	3120					
Sp. Ed. - Orphanage - Summer Individual	3130					
Sp. Ed - Summer School	3145					
Bilingual Ed - Downstate	3305					
State Free Lunch & Breakfast	3360					
School Breakfast Incentive	3365					
Driver Education	3370					
Transportation - Regular	3500					
Transportation - Vocational	3505					
Transportation - Special Education	3510					
ROE School Bus Driver Training	3520					
National BD Cert. Initiatives	3651					
Trauma Alternative/Operational Ed.	3695					
Regional Safe Schools Program	3696		111,455			
Early Childhood - State Preschool At Risk	3705					
K-6 Reading Improvement	3715					
Reading Improvement Block Reoc	3720					
ROE/ESC Operations	3730					
Supervisory Expense	3745					
ADA Safety & Education Block Grant	3775					
Summer Bridges Program	3825					
School Infrastructure/Maintenance Grant	3925					
Arts and Foreign Language	3962					
Class Size Reduction	3981					
Education Facilities Grant	3999					
Technology Revolving Loan	7500					
Total State Funds		-	111,455	367,377	-	-
<b>Federal Funds</b>						
Forest Reserve	4001					
Title VI - Formula	4100					
Title VI - Rural Education Init.	4107					
National School Lunch Program	4210					
School Breakfast Program	4220					
Child Nutrition Comm-Salvage	4250					
IASA - Title I - Low Income	4300					
IASA - Title I - School Improvement	4331					
IASA - Title I - School Reform	4332					
Title I - Reading First	4334					
IASA - Even Start	4335					
Illinois Reading First	4337					24,786
IASA - Title I - Migrant Education	4340					
IASA - Drug Free Schools - Formula	4400					
Title IV - 21 Century CLC	4421					
Fed. - Sp. Ed - Pre-School Flow Through	4600					
Fed. - Sp. Ed - IDEA - Flow Through	4620					
Fed. - Sp. Ed. - IDEA - Room & Board	4625					
Title II - Teacher Quality	4932					
IASA - Title II - Teacher Quality - Leadership	4935					
Math & Science Partnerships	4936				103,726	
Technology Enhancing Education - Formula	4971					
Technology Enhancing Tech - Comp	4972					
Hurricane Emergency Relief	4995					
Lincoln-Academic Awards	4999					
Total Federal Funds		-	-	-	103,726	24,786
<b>TOTAL DISTRIBUTIONS</b>		\$ 17,602	\$ 111,455	\$ 367,377	\$ 103,726	\$ 24,786

REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/07 - 6/30/08
<b>U. S. Department of Education</b>			
<b>passed through Illinois Community College Board</b>			
Adult Education - Federal Basic	84.002	N/A	\$ 233,725
<b>Total U. S. Department of Education</b> <b>passed through Illinois Community College Board</b>			233,725
<b>U. S. Department of Education CFDA #84.010A</b>			
<b>Passed through Illinois State Board of Education</b>			
System of Support Title I - School Improvement & Accountability	84.010A	07-4331-SS	318,814 (M)
System of Support Title I - School Improvement & Accountability	84.010A	08-4331-SS	752,054 (M)
<b>Passed through Regional Office of Education #25</b>			
Standards Aligned Classroom	84.010A	N/A	4,500
<b>Total U. S. Department of Education CFDA #84.101A</b>			1,075,368
<b>U. S. Department of Education</b>			
<b>passed through Illinois State Board of Education</b>			
Even Start	84.213C	08-4335-00	78,180
Title I - Migrant Education	84.011A	07-4340-01	36,457
Title I - Migrant Education	84.011A	08-4340-01	10,271
Total Title I - Migrant Education			46,728
Title I - Reading First Part B SEA Funds	84.357A	08-4337-00	26,794
Title II - Teacher Quality	84.367A	08-4932-00	1,380
System of Support Title II - Teacher Quality - Leadership Grant	84.367A	07-4935-SS	61,964
System of Support Title II - Teacher Quality - Leadership Grant	84.367A	08-4935-SS	77,320
Total Title II - Teacher Quality - Leadership Grant			140,664
Title V - Innovative Programs	84.298	08-4100-00	223
Title IV - Safe and Drug Free	84.184	08-4400-00	366
Mathematics & Science Partnership	84.366B	07-4936-00	119,853
Mathematics & Science Partnership	84.366B	08-4936-00	75,153
Total Mathematics & Science Partnership			195,006
Other Federal Programs - English Language Learning Title III	84.365	08-4999-PD	5,000
<b>Total U. S. Department of Education</b> <b>passed through Illinois State Board of Education</b>			492,961

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)  
 For the Year Ended June 30, 2008

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>ISBE Project # (1st 8 digits) or Contract #</u>	<u>Federal Expenditures 7/1/07 - 6/30/08</u>
U. S. Department of Education passed through Regional Office of Education #21			
McKinney Education for Homeless Children	84.196A	07-4920-00	<u>23,210</u>
<b>Total U. S. Department of Education passed through Regional Office of Education #21</b>			<u>23,210</u>
<b>TOTAL US DEPARTMENT OF EDUCATION</b>			<u>1,825,264</u>
U. S. Department of Agriculture passed through Illinois State Board of Education			
School Breakfast Program	10.553	08-4220-00	9,072
National School Lunch Program	10.555	08-4210-00	<u>14,954</u>
<b>U. S. Department of Agriculture passed through Illinois State Board of Education</b>			<u>24,026</u>
U. S. Department of Health and Human Services passed through Illinois Department of Child and Family Services			
Flexible Funding for Wraparound Plans	93.104	N/A	<u>1,112</u>
<b>U. S. Department of Health and Human Services passed through Illinois Department of Child and Family Services</b>			<u>1,112</u>
U. S. Department of Labor passed through Shawnee Development Council			
Workforce Investment Act	17.259	N/A	<u>64,947</u>
<b>U. S. Department of Labor passed through Shawnee Development Council</b>			<u>64,947</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,915,349</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**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 Regional Office of Education #2 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, Regional Office of Education #2 provided federal awards to subrecipients as follows:

Program Title: System of Support Title I – School Improvement & Accountability  
Federal CFDA #: 84.010A  
Amount provided to subrecipients: \$ 865,438

Program Title: System of Support Title II – Teacher Quality Leadership Grant  
Federal CFDA #: 84.367A  
Amount provided to subrecipients: \$ 90,058

**NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAM**

*System of Support Title I – School Improvement and Accountability*

This program supports the improvement of basic programs operated by the Regional Office of Education #2 by providing professional development for data analysis, school improvement plan and development, Standards-Aligned curriculum and instruction, and classroom assessment to System of Support Status schools on the Academic Early Warning and Watch lists.

**NOTE 4: NON-CASH ASSISTANCE**

None

**NOTE 5: AMOUNT OF INSURANCE**

None

**NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING**

None