

**State of Illinois
REGIONAL OFFICE OF EDUCATION #39**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the year ended June 30, 2006**

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



MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

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MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

OFFICIALS

Regional Superintendent (7/1/05 through current)..... Mr. Richard L. Shelby
Assistant Regional Superintendent (7/1/05 through 8/31/05
and 3/1/06 through 6/9/06, interim basis)..... Dr. David Coopridr
Assistant Regional Superintendent (9/1/05 through 2/15/06, interim basis)..... Mr. Charles A. Shonkwiler
Assistant Regional Superintendent (7/1/06 through current)..... Mr. Matthew Snyder

Offices are located at:

1690 Huston Drive
Decatur, IL 62526

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

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	1
Repeated audit findings	1	0
Prior recommendations implemented or not repeated	0	1

Details of findings are presented in a separately tabbed section.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
06-01	13	Controls Over Compliance with Laws and Regulations
06-02	16	Cash Collateral

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2006.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no prior findings not repeated.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMPLIANCE REPORT SUMMARY (Continued)

EXIT CONFERENCE

An informal exit conference was held on September 15, 2006. Attending were Richard L. Shelby, Regional Superintendent, Ann K. Neal, Director of Business Operations of the Regional Office of Education #39, and Heather D. Wolke, CPA of West & Company, LLC.

Responses to the recommendations were provided by Ann K. Neal in e-mails dated December 28, 2006, January 8, 2007, and January 29, 2007 and by Richard L. Shelby in an e-mail dated January 18, 2007.

FINANCIAL STATEMENT REPORT

Financial Presentation Examined

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

Financial Statements

- A Financial Statement section generally consisting of:
 - Management's discussion and analysis (MD&A) as required supplementary information;
 - Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
 - Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with special reporting requirements.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Macon-Piatt Counties Regional Office of Education #39 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #39's basic financial statements.

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH

613 BROADWAY AVENUE
P.O. BOX 945
MATTOON, ILLINOIS 61938

(217) 235-4747
www.westcpa.com

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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Macon-Piatt Counties Regional Office of Education #39, as of and for the year ended June 30, 2006, which collectively comprise the Macon-Piatt Counties Regional Office of Education #39's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Macon-Piatt Counties Regional Office of Education #39'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 Macon-Piatt Counties Regional Office of Education #39, as of June 30, 2006, 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 September 15, 2006 on our consideration of the Macon-Piatt Counties Regional Office of Education #39'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 21A through 21F and 59 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 #39'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 Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

West & Company, LLC

September 15, 2006

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH

613 BROADWAY AVENUE
P.O. BOX 945
MATTOON, ILLINOIS 61938

(217) 235-4747
www.westcpa.com

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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 Macon-Piatt Counties Regional Office of Education #39, as of and for the year ended June 30, 2006, which collectively comprise the Macon-Piatt Counties Regional Office of Education #39's basic financial statements and have issued our report thereon dated September 15, 2006. 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 Macon-Piatt Counties Regional Office of Education #39's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Macon-Piatt Counties Regional Office of Education #39'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*. However, we noted certain immaterial instances of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as items 06-01 and 06-02.

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.

West + Company, LLC

September 15, 2006

WEST & COMPANY, LLC

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&
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**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 Macon-Piatt Counties Regional Office of Education #39 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, 2006. The Macon-Piatt Counties Regional Office of Education #39'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 Macon-Piatt Counties Regional Office of Education #39's management. Our responsibility is to express an opinion on the Macon-Piatt Counties Regional Office of Education #39'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 Macon-Piatt Counties Regional Office of Education #39'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 on the Macon-Piatt Counties Regional Office of Education #39's compliance with those requirements.

In our opinion, the Macon-Piatt Counties Regional Office of Education #39 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, 2006.

Internal Control Over Compliance

The management of the Macon-Piatt Counties Regional Office of Education #39 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 Macon-Piatt Counties Regional Office of Education #39'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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

West + Company, LLC

September 15, 2006

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006

Section I -- Summary of Auditors' Results

Financial statements

Type of auditors' report issued: UNQUALIFIED

Internal control over financial reporting:

- material weakness(es) identified? yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes X no

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2006

Section I -- Summary of Auditors' Results (concluded)

Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

84.027A

Federal - Special Education - IDEA Flow Through

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

X yes no

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006

Section II: Financial Statement Findings

FINDING NO. 06-01 - Controls Over Compliance with Laws and Regulations
(Repeat of Finding 05-01)

Criteria/Specific Requirements:

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)
- C. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)

Conditions:

- A. The Regional Office of Education #39 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE. While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.
- B. The Regional Office of Education #39 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all his acts including a list of all schools visited and dates of visitation.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006

Section II: Financial Statement Findings (Continued)

FINDING NO. 06-01 - Controls Over Compliance with Laws and Regulations
(Repeat of Finding 05-01) (Continued)

Conditions: (Continued)

- C. The Regional Office of Education #39 performs compliance inspections for each public school in his region on a rotational basis every four years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Effect:

The Regional Office of Education #39 did not comply with statutory requirements.

Causes:

- A. The Regional Office of Education #39 signs off on the Annual Financial Reports for the school districts in the region. The Regional Office receives a spreadsheet from the Illinois State Board of Education that outlines all of the school districts and their audit exceptions, if any. The Regional Office does receive copies of letters indicating noted exceptions and does a follow-up with individual districts when responses are required.
- B. The Regional Superintendent presents an annual report (but not in September on an annual basis) to the Macon County Board and other reports (Health-Life-Safety and Compliance schedule, truancy, etc.). The Superintendent also maintains regular communication with the county board, including attendance at committee meetings and at meetings of the full board. The Superintendent was not aware of specific details required for his reports. Piatt County did not see the need for the Regional Superintendent to attend their meetings because they have such a small percentage of voters and equalized assessed value (EAV). The statute states the Regional Superintendent is to present such reports to "the" county board. In 1953 there was one county superintendent for each county. Fifty-four years later, many offices have several county boards. The Superintendent felt he was following the statute by presenting his reports to "the county board" since his office is located in Macon County, the largest (83% of total EAV) of the two counties.
- C. The Regional Superintendent conducts annual health/life safety compliance visits to all school buildings in the region. In addition, the Regional Superintendent conducts in-depth reviews of districts' educational programs on a four-year cycle; districts not scheduled for an in-depth educational program review are annually contacted regarding appropriate assignment and certification of all their teachers. The Regional Superintendent believed that such visits together satisfied the statutory requirement.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2006

Section II: Financial Statement Findings (Continued)

FINDING NO. 06-01 - Controls Over Compliance with Laws and Regulations
(Repeat of Finding 05-01) (Continued)

Auditors' Recommendations:

- A. The Regional Office of Education #39 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

If the Regional Office believes that any of these statutory mandates are obsolete or otherwise unnecessary, then it should seek legislative action to revise the statutes accordingly.

Management's Response:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent will present a report of official acts in September and ask to be placed on both Macon and Piatt county boards' agenda for quarterly meetings thereafter to present future reports as required by 105 ILCS 5/3-5.
- C. Until the Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education remove such archaic statutes, the Regional Superintendent will visit all public schools in accordance with 5/3-14.5 of the Illinois School Code.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2006

Section II: Financial Statement Findings (Continued)

FINDING NO. 06-02 - Cash Collateral

Criteria/Specific Requirement:

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #39's name.

Condition:

During the year, the amount on deposit at a financial institution exceeded the amount pledged as collateral by \$258,091.

Effect:

Uninsured deposits could cause a loss to the Regional Office of Education #39 if the bank failed.

Cause:

The Regional Office of Education #39 maintains a regular checking account and sweep account at their financial institution. On June 30, 2006, two deposits totaling \$438,034 were made to the regular checking account after the financial institution's daily transfer to the sweep account. This resulted in uncollateralized deposits of \$258,091.

Auditors' Recommendation:

The Regional Office of Education #39 should periodically monitor the amount of collateral held on deposits to ensure that an adequate amount is maintained. The Regional Office of Education #39 should also seek an agreement with the bank to provide sufficient collateral in the Regional Office of Education #39's name for all bank deposits.

Management's Response:

The Regional Office of Education #39 agreed with the recommendation to increase the amount of collateral pledged by the financial institution to cover all deposits. In addition, the Regional Office of Education #39 will work with its financial institution to monitor the amount of pledged collateral held to ensure that sufficient collateral is being maintained.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006

Section III: Federal Award Findings

No findings were noted for the year ended June 30, 2006.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2006

Corrective Action Plan

Finding No.: 06-01

Conditions:

- A. The Regional Office of Education #39 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE. While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.
- B. The Regional Office of Education #39 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all his acts including a list of all schools visited and dates of visitation.
- C. The Regional Office of Education #39 does not perform compliance inspections for each public school in his region. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Plan:

- A. We will seek legislative solution to this and other obsolete passages.
- B. The Regional Superintendent will continue to attend and present at meetings with the Macon County Board. He will also attend and present at the Piatt County Board meetings.
- C. We will seek legislative solution to this and other obsolete passages.

Anticipated Date of Completion:

On going

Name of Contact Person:

Richard L. Shelby, Regional Superintendent

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2006

Corrective Action Plan

Finding No.: 06-02

Condition:

During the year, the amount on deposit at a financial institution exceeded the amount pledged as collateral by \$258,091.

Plan:

The Regional Office of Education #39 will monitor the financial institution on an on going basis.

Anticipated Date of Completion:

On going

Name of Contact Person:

Ann K. Neal

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2006

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-01	Controls Over Compliance with Laws and Regulations.	Repeated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2006

The Regional Office of Education #39 for the Counties of Macon and Piatt 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, 2006. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follows.

2006 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$157,079 from \$1,435,411 in fiscal year 2005 to \$1,278,332 in fiscal year 2006. General Fund expenditures decreased by \$132,162 from \$1,332,053 in FY05 to \$1,199,891 in FY06.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$119,272 from \$7,616,852 in FY05 to \$7,497,580 in FY06. The Special Revenue Fund expenditures decreased by \$180,929 from \$7,667,203 in FY05 to \$7,486,274 in FY06.

Using This Report

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

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

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

The Government-wide statements report information about the Regional Office of Education #39 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

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

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

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

The fund financial statements provide detailed information about the Regional Office's funds. Funds are accounting devices which allows the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #39 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

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

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

2. Proprietary funds are funds generated from hosting educational workshops for professional development.

The proprietary funds' required 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.

3. Fiduciary funds are used to account for assets held by the Regional Office of Education #39 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Assets.

Office-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY06 totaled approximately \$1,484,445. Net assets related to the Institute Fund are considered restricted for teacher professional development. The analysis that follows provides a summary of the Office's net assets at June 30, 2006.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current Assets	\$ 2,533,146	\$ 2,608,509	\$ 4,837	\$ 7,335	\$ 2,537,983	\$ 2,615,844
Capital Assets, net	125,830	102,055	1,197	1,596	127,027	103,651
Total Assets	<u>2,658,976</u>	<u>2,710,564</u>	<u>6,034</u>	<u>8,931</u>	<u>2,665,010</u>	<u>2,719,495</u>
Current Liabilities	1,050,947	1,216,057	46	3,750	1,050,993	1,219,807
Long-Term Liabilities	129,572	141,541	-	-	129,572	141,541
Total Liabilities	<u>1,180,519</u>	<u>1,357,598</u>	<u>46</u>	<u>3,750</u>	<u>1,180,565</u>	<u>1,361,348</u>
Net Assets:						
Invested in Capital Assets	125,830	102,055	1,197	1,596	127,027	103,651
Restricted for teacher professional development	43,487	33,302	-	-	43,487	33,302
Unrestricted	1,309,140	1,217,609	4,791	3,585	1,313,931	1,221,194
Total Net Assets	<u>\$ 1,478,457</u>	<u>\$ 1,352,966</u>	<u>\$ 5,988</u>	<u>\$ 5,181</u>	<u>\$ 1,484,445</u>	<u>\$ 1,358,147</u>

The following analysis shows the changes in net assets for the year ended June 30, 2006.

CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 9,741	\$ 15,840	\$ 9,741	\$ 15,840
Operating grants & contributions	7,004,296	7,258,820	-	-	7,004,296	7,258,820
General revenues:						
Local sources	1,266,808	1,067,856	-	-	1,266,808	1,067,856
On-behalf payments - State	456,288	708,114	-	-	456,288	708,114
Interest	48,520	17,473	-	-	48,520	17,473
Total revenues	<u>8,775,912</u>	<u>9,052,263</u>	<u>9,741</u>	<u>15,840</u>	<u>8,785,653</u>	<u>9,068,103</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries and benefits	6,246,340	6,774,482	-	-	6,246,340	6,774,482
Purchased services	1,566,117	1,222,035	-	-	1,566,117	1,222,035
Supplies and materials	304,896	201,028	-	-	304,896	201,028
Capital outlay	1,539	-	-	-	1,539	-
Payments to other governments	15,151	51,198	-	-	15,151	51,198
Debt service interest	-	238	-	-	-	238
Other objects	554	-	-	-	554	-
Depreciation	59,536	48,260	399	-	59,935	48,260
Administrative expenses:						
On-behalf payments - State	456,288	708,114	-	-	456,288	708,114
Business-type expenses:						
Instructional	-	-	8,535	23,098	8,535	23,098
Total expenses	<u>8,650,421</u>	<u>9,005,355</u>	<u>8,934</u>	<u>23,098</u>	<u>8,659,355</u>	<u>9,028,453</u>
Change in Net Assets	125,491	46,908	807	(7,258)	126,298	39,650
Net Assets, beginning of year	<u>1,352,966</u>	<u>1,306,058</u>	<u>5,181</u>	<u>12,439</u>	<u>1,358,147</u>	<u>1,318,497</u>
Net Assets, end of year	<u>\$1,478,457</u>	<u>\$1,352,966</u>	<u>\$ 5,988</u>	<u>\$ 5,181</u>	<u>\$1,484,445</u>	<u>\$1,358,147</u>

Governmental Activities

Revenues for governmental activities were \$8,775,912 and expenses were \$8,650,421. The Regional Office of Education #39 experienced an increase in net assets of \$125,491. The increase was due to an increase in interest and local sources revenue such as Baby Talk, institute fund, bus permits, and GED funds.

Financial Analysis of the Regional Office of Education #39 Funds

As previously noted, the Regional Office of Education #39 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$1,482,199 for FY06, an increase of \$89,747 over FY05 fund balance of \$1,392,452.

Governmental Fund Highlights:

- County support for the Regional Office of Education #39 remained the same as FY05 at \$196,492
- IDOC contract decreased significantly by 12% to \$4,290,186.
- There was an increase in the state aid foundation level to \$5,164 per student from \$4,964. This has helped off-set reduction in the grant dollars provided for the Future's Program.
- Increase of Title I-Reading First grants to provide services to school districts.

Proprietary Fund Highlights:

- In FY06, the Regional Office of Education #39 had 16 workshops. The Regional Office of Education #39 anticipates having 25 workshops in FY07.
- The proprietary fund increased \$807 from the previous year due to an increase in workshops for professional development. The Regional Office of Education sets up a workshop schedule at the beginning of the fiscal year to get qualified presenters for the workshops. Depending upon attendance or lack of attendance for some workshops, money could be made on them. The Regional Office of Education will continue to monitor this fund in the next fiscal year.

Budgetary Highlights:

The Regional Office of Education #39 annually adopts budgets for several funds. The Resource Library Cooperative budget and the Heartland Vocational Cooperative budget are prepared by the Regional Superintendent or program coordinator and serve as a guideline for activities and expenditures. These two entities are considered separate from the Regional Office. They are audited on an annual basis by outside auditing firms and budgets are submitted to the Illinois State Board of Education and the Illinois Community College Board. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the two County Boards for their approval. The Office Operations budget covers a fiscal year which runs from December 1 to November 30. Since these budgets are not based on the same fiscal operating period as the Regional Office, they are not presented. All grant budgets are prepared by the Regional Office of Education #39 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

Capital Assets

Capital Assets of the Regional Office of Education #39 include office equipment, lease improvements, computers, audio-visual equipment and office furniture. The Regional Office of Education #39 maintains an inventory of capital assets which have been accumulated over time. Capital asset increases for FY06 were \$83,311 and for FY05 were \$41,997. The increase for FY06 came as a result of upgrading computers for Futures Unlimited through GSA funding. In addition, the Regional Office of Education #39 has adopted a depreciation schedule which reflects the level of Net Governmental Activities Capital Assets.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation Level used in the calculation has increased to \$5,334 per student for the next fiscal year.
- The interest rate on investments continues to increase and will impact interest earned.
- Expected revenue from IDOC, if lost, would dramatically decrease office operations and services. At the present time, the contract is about the same as last year.
- Elimination of all Title I-Reading First grants for FY07.
- Made significant budget cuts to one program, Futures Unlimited, due to elimination of WIS contract for FY07.
- Slight increases for many grants funded from ISBE-RSSP, TAEOP, School Services, and Early Childhood.
- County funding for FY07 will increase for the first time in five years to help defray actual expenses incurred during the year.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #39 at 1690 Huston Drive, Decatur, IL 62526.

BASIC FINANCIAL STATEMENTS

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 952,253	\$ 4,837	\$ 957,090
Investments	11,034	-	11,034
Accounts receivable	48,033	-	48,033
Due from other governments	1,521,826	-	1,521,826
Total current assets	2,533,146	4,837	2,537,983
Noncurrent assets:			
Capital assets, net	125,830	1,197	127,027
Total assets	2,658,976	6,034	2,665,010
LIABILITIES			
Current liabilities:			
Accounts payable	79,802	46	79,848
Accrued salaries and benefits	334,377	-	334,377
Due to other governments	102,443	-	102,443
Deferred revenue	534,325	-	534,325
Total current liabilities	1,050,947	46	1,050,993
Noncurrent liabilities:			
Liability for compensated absences	129,572	-	129,572
Total liabilities	1,180,519	46	1,180,565
NET ASSETS			
Invested in capital assets	125,830	1,197	127,027
Restricted for teacher professional development	43,487	-	43,487
Unrestricted	1,309,140	4,791	1,313,931
Total net assets	\$ 1,478,457	\$ 5,988	\$ 1,484,445

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

STATEMENT OF ACTIVITIES
For the year ended June 30, 2006

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services		Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 6,246,340	-	\$ (791,244)	-	\$ (791,244)	
Purchased services	1,566,117	-	(367,960)	-	(367,960)	
Supplies and materials	304,896	-	(44,055)	-	(44,055)	
Capital outlay	1,539	-	74,366	-	74,366	
Other objects	554	-	(50)	-	(50)	
Payments to other governments	15,151	-	(1,358)	-	(1,358)	
Depreciation	59,536	-	(59,536)	-	(59,536)	
Administrative:						
On-behalf payments - State	456,288	-	(456,288)	-	(456,288)	
Total governmental activities	\$ 8,650,421	\$ -	\$ (1,646,125)	\$ -	\$ (1,646,125)	
Business-type activities:						
Instructional	8,934	9,741	-	807	807	
Total primary government	\$ 8,659,355	\$ 9,741	\$ (1,646,125)	\$ 807	\$ (1,645,318)	
Operating Grants and Contributions						
			\$ 5,455,096			
			1,198,157			
			260,841			
			75,905			
			504			
			13,793			
			-			
General revenues:						
Local sources			1,266,808	-	1,266,808	
On-behalf payments - State			456,288	-	456,288	
Interest			48,520	-	48,520	
Total general revenues			1,771,616	-	1,771,616	
Change in net assets			125,491	807	126,298	
Net assets - beginning			1,352,966	5,181	1,358,147	
Net assets - ending			\$ 1,478,457	\$ 5,988	\$ 1,484,445	

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 128,275	\$ 613,717	\$ 210,261	\$ 952,253
Investments	8,258	-	2,776	11,034
Accounts receivable	4,361	781	42,891	48,033
Due from other funds	651,417	-	-	651,417
Due from other governments	33,022	1,453,877	34,927	1,521,826
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 825,333</u>	<u>\$ 2,068,375</u>	<u>\$ 290,855</u>	<u>\$ 3,184,563</u>
LIABILITIES				
Accounts payable	\$ 19,456	\$ 59,298	\$ 1,048	\$ 79,802
Accrued salaries and benefits	10,285	319,303	4,789	334,377
Due to other funds	-	635,487	15,930	651,417
Due to other governments	3,066	33,587	65,790	102,443
Deferred revenue	-	500,000	34,325	534,325
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>32,807</u>	<u>1,547,675</u>	<u>121,882</u>	<u>1,702,364</u>
FUND BALANCES				
Unreserved, reported in:				
General fund	792,526	-	-	792,526
Special revenue funds	-	520,700	168,973	689,673
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>792,526</u>	<u>520,700</u>	<u>168,973</u>	<u>1,482,199</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 825,333</u>	<u>\$ 2,068,375</u>	<u>\$ 290,855</u>	<u>\$ 3,184,563</u>

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2006

Total fund balances-governmental funds	\$1,482,199
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(129,572)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>125,830</u>
Net assets of governmental activities	<u><u>\$1,478,457</u></u>

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the year ended June 30, 2006

	<u>General Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local sources	\$ 700,603	\$ 22,394	\$ 543,811	\$ 1,266,808
State sources	78,224	5,263,830	12,676	5,354,730
Federal sources	-	1,645,727	3,839	1,649,566
On-behalf payments	456,288	-	-	456,288
Interest	43,217	2,670	2,633	48,520
	<u>1,278,332</u>	<u>6,934,621</u>	<u>562,959</u>	<u>8,775,912</u>
Expenditures:				
Education:				
Salaries and benefits	348,016	5,644,288	266,005	6,258,309
Purchased services	322,399	976,465	267,253	1,566,117
Supplies and materials	42,026	243,859	19,011	304,896
Capital outlay	30,608	52,772	1,470	84,850
Other objects	554	-	-	554
Payments to other governments	-	15,151	-	15,151
On-behalf payments	456,288	-	-	456,288
	<u>1,199,891</u>	<u>6,932,535</u>	<u>553,739</u>	<u>8,686,165</u>
Excess of revenues over expenditures	<u>78,441</u>	<u>2,086</u>	<u>9,220</u>	<u>89,747</u>
Other financing sources (uses):				
Transfers in	1	-	8,036	8,037
Transfers out	(967)	(7,070)	-	(8,037)
	<u>(966)</u>	<u>(7,070)</u>	<u>8,036</u>	<u>-</u>
Net other sources and uses of financial resources	<u>(966)</u>	<u>(7,070)</u>	<u>8,036</u>	<u>-</u>
Net change in fund balances	77,475	(4,984)	17,256	89,747
Fund balances, beginning of year	<u>715,051</u>	<u>525,684</u>	<u>151,717</u>	<u>1,392,452</u>
Fund balances, end of year	<u>\$ 792,526</u>	<u>\$ 520,700</u>	<u>\$ 168,973</u>	<u>\$ 1,482,199</u>

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39
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, 2006

Net change in fund balances-governmental funds \$ 89,747

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. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 83,311	
Depreciation expense	<u>(59,536)</u>	23,775

Certain reductions of expenses reported in the Statement of Activities do not provide current financial resources and therefore are not reported as reductions of expenditures in governmental funds.		<u>11,969</u>
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Change in net assets of governmental activities		<u><u>\$ 125,491</u></u>
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The notes to the financial statements are an integral part of this statement.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2006

	Business-Type Activities Enterprise Funds <u>Workshop Reimbursement</u>
ASSETS	
Current assets:	
Cash	\$ 4,837
Noncurrent assets:	
Capital assets, net	<u>1,197</u>
Total assets	<u>6,034</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>46</u>
Total liabilities	<u>46</u>
NET ASSETS	
Invested in capital assets	1,197
Unrestricted	<u>4,791</u>
Total net assets	<u>\$ 5,988</u>

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2006

	<u>Business-Type Activities Enterprise Funds</u> <u>Workshop Reimbursement</u>
Operating revenues:	
Charges for services	\$ 9,741
Operating expenses:	
Purchased services	8,535
Depreciation	<u>399</u>
Total operating expenses	<u>8,934</u>
Operating income	<u>807</u>
Change in net assets	807
Total net assets - beginning	<u>5,181</u>
Total net assets - ending	<u>\$ 5,988</u>

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the year ended June 30, 2006

	Business-Type Activities Enterprise Funds <u>Workshop Reimbursement</u>
Cash flows from operating activities:	
Collection of fees	\$ 9,741
Payments to suppliers and providers of goods and services	(10,103)
Payments to employees	<u>(2,136)</u>
Net cash provided by (used for) operating activities	<u>(2,498)</u>
Net increase (decrease) in cash and cash equivalents	(2,498)
Cash and cash equivalents - beginning	<u>7,335</u>
Cash and cash equivalents - ending	<u>\$ 4,837</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	\$ 807
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	399
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(1,568)
Increase (decrease) in accrued salaries and benefits	<u>(2,136)</u>
Net cash provided by (used for) operating activities	<u>\$ (2,498)</u>

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 29,136
Due from other governments	<u>11,660</u>
Total assets	<u>\$ 40,796</u>
LIABILITIES	
Due to other governments	\$ 36,300
Due to other organizations	<u>4,496</u>
Total liabilities	<u>\$ 40,796</u>

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

NOTES TO FINANCIAL STATEMENTS

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #39's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education #39 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Macon and Piatt counties.

The regional superintendent of schools is the chief administrative officer of the region and is elected to the position for a four-year term. The regional superintendent is responsible for the supervision and control of the school districts.

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

The Regional Office of Education #39 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. In evaluating how to define the financial reporting entity, the Regional Office of Education #39 has considered all potential component units. The decision to include or exclude a potential component unit was made by applying the criteria defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". The basic criterion for including a potential component unit is the financial accountability of the primary government for the potential component unit. Financial accountability was determined on the basis of authoritative appointments of a voting majority of the potential component unit's board, imposition of its will on the potential component unit, the existence of a financial benefit or burden, fiscal dependency, and the designation of management. The Macon County Cooperative Film Library is considered a governmental component unit of the Regional Office of Education #39. It is blended in the financial statements as the Film Library Fund. The Macon County Cooperative Film Library does not issue separate financial statements. The Regional Office of Education #39 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #39 being considered a component unit of the entity.

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Regional Office of Education #39 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #39 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. This fund is available to pay general and administrative expenditures of the Regional Office of Education #39. Included in this fund are:

General - To account for interest received on distributive monies.

ROE/ISC Operations - To account for the proceeds from the Illinois State Board of Education for professional development for teachers in Macon and Piatt school districts.

Business Office - To account for various business office expenditures, such as insurance, utilities, rent, and business personnel, and reimbursements from Macon and Piatt counties to help cover these costs. It also accounts for pop machine revenues and expenditures as well as interest on the pooled cash account.

Education -- These Special Revenue Funds account for State, local and federal grant monies received for administration and payment of numerous grant awards for education which include:

Adult Education Performance - To account for the proceeds of a grant awarded by the Illinois Community College Board under its Adult Education program.

Adult Education Public Assistance - To account for the proceeds of a grant awarded by the Illinois Community College Board under its Adult Education program.

Adult Education State Basic - To account for the proceeds of a grant awarded by the Illinois Community College Board under its Adult Education program.

Adult Education Federal Basic - To account for the proceeds of a U.S. Department of Education grant passed through the Illinois Community College Board. The purpose of this and the other Adult Education programs is to improve educational opportunities for adults and to encourage the establishment of adult education programs that will enable all adults to acquire basic educational skills necessary for literate functioning, enable adults who so desire to complete secondary school, enable adults to benefit from job training and retaining programs, and enable adults to obtain productive employment to more fully enjoy the benefits and responsibilities of citizenship.

Adult Education - To account for the General State Aid proceeds used for adult education. Funding is also provided by the Macon County Mental Health Board.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

WIA-Year Round Youth Program I - To account for an adult/teen GED program that allows youth ages 16-21 access to intensive workforce training, as well as opportunities for educational growth.

WIA-Year Round Youth Program II - To account for a Futures Unlimited School for current students whose reading and/or math levels are seventh grade or below.

Safe School State Aid - To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Safe School. Funding is also provided by the Macon County Mental Health Board.

Truants Alternative/Optional Education - To account for the proceeds of a grant from the Illinois State Board of Education to provide educational opportunities for dropouts and truants.

ADA State Aid - To account for General State Aid for the Futures Unlimited School.

Title IV Safe and Drug Free Schools - To account for the proceeds of a federal grant passed through the Illinois State Board of Education. The purpose of the program is to provide alcohol and drug education.

Title II Teacher Quality - To account for the proceeds from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Title V Innovative Programs - To account for the proceeds of a grant awarded by the Illinois State Board of Education for at-risk students to increase academic achievement.

Regional Safe Schools - To account for the proceeds of a grant awarded to Regional Offices by the Illinois State Board of Education in order to remove violent and unproductive youths from a public school setting and place them in a program where they can receive individualized attention.

Special Education for Department of Corrections - To account for proceeds from the State of Illinois Department of Corrections, and federal and State grants passed through the Illinois State Board of Education, to be used to implement special educational programs for School District #428 of the Department of Corrections.

Standards Aligned Classroom Professional Development - To account for a contract from Area IV Learning Technology Center for summer training for teachers to do Standards Aligned Classroom development.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Early Childhood Block Grant - To account for the proceeds of a grant awarded by the Illinois State Board of Education for the systematic identification and recruitment of teen moms and dads and the delivery of culturally appropriate education in order to engage them in their child's learning.

Even Start - To account for the proceeds of a contractual agreement with Richland Community College. Expenditures are primarily to Baby TALK, Inc. to provide coordination and early childhood and parenting instruction for those enrolled in the program.

Not on Tobacco - To account for a grant awarded to Futures Unlimited for students to learn the hazards of tobacco products.

Title I Reading First - To account for the proceeds from the Illinois State Board of Education to coordinate efforts and provide support to help schools that have a high number of students not meeting reading standards.

Title I Reading First II - To account for the proceeds from the Illinois State Board of Education to plan and implement Reading First Academies to be delivered to kindergarten, first grade, and second grade teachers to meet the needs of students in the classroom.

Title I Reading First Professional Development - To account for proceeds from the Illinois State Board of Education for professional development activities for the Reading First districts and coaches and provide staff to carry out these activities.

Title I Reading First Technical Assistance - To account for proceeds from the Illinois State Board of Education for technical assistance for Reading First schools and coaches.

Adult Transition Center - To account for a grant between the Department of Corrections and Regional Office of Education #39 to provide educational services at the Adult Transition Center, a work release correctional facility.

System of Support Grant - To account for resources for schools identified by the Illinois State Board of Education as being in school improvement status.

Baby Talk System of Support - To account for a contract between Richland Community College and Baby Talk for a Secretary of State Family Literacy Project that provides coordination and parenting instruction for adults enrolled in the Family Literacy Program served at Central Christian Church.

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Title II Teacher Quality II - To account for a grant that supports teacher and administrator enhancement by providing staff development programs and generating awareness and supporting national certification for teachers.

Title I School Improvement - To account for a grant that supports data analysis and school improvement planning by assisting and monitoring the implementation of the School Improvement Plan and providing training and support for school improvement activities.

System of Support State - To account for a grant that provides training to ensure curriculum is aligned with the Illinois Learning Standards and the Illinois Assessment Frameworks, with an emphasis on reading and mathematics.

Center for the Application of Information Technologies - GED Illinois - To account for an agreement with Western Illinois University whereby a Regional Office #39 employee will provide regional and statewide training for GED Illinois and will assist with various other GED Illinois tasks as assigned.

Early Childhood Block Grant II - To account for the proceeds of a grant from the Illinois State Board of Education to bring intensive services to families for whom the mother is a high school student.

The Regional Office of Education #39 reports the following nonmajor funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

Institute - To account for the proceeds earned from teacher registration, certificate renewals, and examinations. The proceeds are used to pay administrative expenses incurred on behalf of the teachers' institute, such as certificates, workshops, and general meetings, to ensure compliance with 105 ILCS 5/3-12 (Institute fund). All funds generated remain restricted until expended only on the aforementioned activities.

General Education Development (GED) - To account for proceeds earned from students who participate in the high school equivalency programs. These proceeds are used to pay the administrative expenses incurred to administer the GED program.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special Revenue Funds (Continued)

Film Library - To account for the revenues and expenditures of the Macon County Cooperative Film Library. The Macon County Cooperative Film Library was formed by an intergovernmental agreement among nine member school districts. The Film Library is governed by a board of control consisting of the Superintendent of each member district. The purpose of the Film Library is to provide educational films, video tapes, and computer disks to the member districts in return for an assessment based on district enrollment.

Bus Permit - To account for the proceeds from registration and user fees and a distribution from the Illinois State Board of Education. These proceeds are used to pay the administrative expenses incurred to ensure compliance with 105 ILCS 5/3-14.23 (school bus driver permits).

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

Regional Board of Trustees - To account for receipts and disbursements related to school annexation, consolidations, and school grievances.

Junior Achievement - To account for sales of candy, etc.

Futures Pop Fund - To account for revenue and expense from the pop machine.

St. Mary's Hospital School - To account for charges to local school districts for educational services provided to students being treated by St. Mary's Adolescent Mental Health Services.

Student Council - To account for sales of candy, bake sales, etc. for class trips.

Teachers' Exchange - To account for the proceeds of monthly commissions from a teachers' supply store and revenue generated by fees from classes and education conferences. Expenditures are those necessary to operate the store and subsidize the annual education conference held in Decatur.

Decatur Education Conference - To account for the activity of the annual education conference held in Decatur. Revenue sources include teacher registration fees, exhibitor fees, and funding from the Teachers' Exchange and school improvement funds. Expenditures are those that are necessary to operate the conference.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special Revenue Funds (Continued)

Baby Talk - To account for proceeds for outreach and family literacy programs, STEPS Early Intervention, and resources for professionals, including professional training, certification seminars, and an extensive program curriculum.

Partners in Education - To account for a grant obtained from Partners in Education to assist students in obtaining employment while pursuing their GED.

Futures Foundation - To account for Futures Unlimited contributions from the Community Foundation of Decatur/Macon County and various other donors.

Power Up Teacher - To account for a mini grant to Adult Education to purchase abacuses for use in the classroom.

Proposal for Partnership - To account for funds to annually improve student academic achievement in reading and math through the effective use of technology, disaggregation of data, and alignment of curriculum with the Illinois Learning Standards and achievement in schools.

Department of Corrections - GED Contract - To account for GED testing at Decatur, Taylorville, Lincoln, Logan, Danville, and Pontiac correctional facilities.

Athletes and Asthma - To account for proceeds for a one-day seminar on asthma and how it relates to physical activity.

Forming Critical Crisis Response Teams - To account for proceeds from the Illinois Emergency Services Management Association to provide one-day training on crisis response teams.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Regional Office of Education #39 reports the following nonmajor proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included among these funds is:

Workshop Reimbursement - To account for workshops for professional development presented by Regional Office of Education employees.

Additionally, the Regional Office of Education #39 reports the following fiduciary funds:

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #39 in a custodial capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

Distributive Fund - To account for the assets held by the Regional Office of Education #39 to be distributed to local school districts and other governmental units.

Project Success Fund - To account for grants received from the Illinois Department of Human Services and Illinois Violence Prevention that are passed directly to Project Success, a nonprofit organization.

Heartland Region Fund - To account for the assets held in trust for the benefit of Heartland Region, an intergovernmental agreement between school districts that provides quality and efficient delivery of orientation and skill level vocational programs accessible to all residents in member districts.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Regional Office of Education #39 has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Regional Office of Education #39's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The Regional Office of Education #39 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of less than three months to be cash and cash equivalents. State regulations require that Regional Office of Education #39 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #39 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Capital Assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Leasehold improvements	3
Equipment	4

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

4. Compensated Absences

Employees earn vacation days after completing a full year of service. Part-time employees and individuals hired for less than a twelve month position do not accumulate paid vacation time. Accumulated vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as when an employee retires or resigns.

Full-time employees receive up to fifteen sick days per year. Part-time employees receive up to ten sick days per year. Sick leave may accumulate for all employees up to a maximum of 180 days. Unused sick leave may be certified in writing to the next employer at the request of the employee at the time of re-employment elsewhere, and unused sick leave accumulated from previous public school employers will be accepted when certified in writing to the Regional Office of Education #39. Unused sick leave, upon the retirement of the employee, may be used as service credits toward the employee's retirement fund. Employees are not entitled to any sick leave pay upon termination. Therefore, no accruals or reserves have been established. However, employees involved in the special education programs for the Department of Corrections are entitled to be paid at half-rate for unused sick leave accumulated from January 1, 1984 through June 30, 1998 upon termination. At June 30, 2006, this liability was not determinable.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Equity Classifications

Government-wide Statements

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.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved.

E. New Accounting Pronouncement

The Regional Office of Education #39 has implemented the following new accounting pronouncements issued by the GASB effective for the fiscal year beginning July 1, 2005: Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement No. 46, *Net Assets Restricted by Enabling Legislation and Amendment of GASB Statement No. #34*, and Statement No. 47, *Accounting for Termination Benefits*. The Statements had no effect on the Regional Office of Education #39's net assets or changes in net assets.

F. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund Balance Sheet includes a reconciliation between *total fund balances-governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that "long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The \$129,572 difference is as follows:

Compensated absences	<u>\$ 129,572</u>
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B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net change in fund balances-governmental funds* and *change in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "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." The details of this \$23,775 difference are as follows:

Capital outlay - assets owned by the Regional Office	\$ 83,311
Depreciation expense	<u>(59,536)</u>

Net adjustment to increase net changes in fund balances-governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 23,775</u>
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Another element of that reconciliation states that "certain reductions of expenses reported in the Statement of Activities do not provide current financial resources and therefore are not reported as reductions of expenditures in governmental funds." The \$11,969 difference is as follows:

Change in compensated absences, net	<u>\$ 11,969</u>
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MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #39 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must also be prepared and submitted for approval. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education or the Illinois Community College Board: ROE/ISC Operations, Adult Education Performance, Adult Education Public Assistance, Adult Education State Basic, Adult Education Federal Basic, Truants Alternative/Optional Education, Title IV Safe and Drug Free Schools, Title II Teacher Quality, Title V Innovative Programs, Regional Safe Schools, Early Childhood Block Grant (01), Title I Reading First, Title I Reading First II, Title I Reading First Professional Development, Title I Reading First Technical Assistance, and Early Childhood Block Grant II (61).

4. USE OF 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.

5. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

Interest earned on Distributive Fund receipts is reported as revenue in the General Fund by the consent of all affected school districts and other entities.

6. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2006, the government-wide and agency fund's carrying amounts of the Regional Office of Education #39's deposits were \$957,090 and \$29,136, respectively. The bank balances, including a common checking account, were \$1,530,779. The bank balances included \$858,000 invested in a Treasury-Municipal Investment Fund, which maintains deposits invested in direct obligations of the United States Government and are stated at cost which approximates market. Of the remaining deposits of \$672,779, \$200,000 was secured by federal depository insurance and \$214,688 was collateralized with securities held jointly in the names of the pledging financial institution's trust department and the Regional Office of Education #39.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

6. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education #39's deposits may not be returned to it. The Regional Office of Education #39 does not have a deposit policy for custodial risk. As of June 30, 2006, \$258,091 of the Regional Office of Education #39's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 258,091</u>
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B. Investments

The Regional Office of Education #39 does not have a formal investments policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2006, the Regional Office of Education #39 had investments with carrying and fair values of \$11,034 invested in the Illinois Funds Money Market Fund.

Credit Risk

At June 30, 2006, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Leasehold improvements	\$ 45,000	\$ -	\$ -	\$ 45,000
Equipment	170,768	83,311	-	254,079
Total capital assets being depreciated	<u>215,768</u>	<u>83,311</u>	<u>-</u>	<u>299,079</u>
Less accumulated depreciation for:				
Leasehold improvements	(33,750)	(11,250)	-	(45,000)
Equipment	(79,963)	(48,286)	-	(128,249)
Total accumulated depreciation	<u>(113,713)</u>	<u>(59,536)</u>	<u>-</u>	<u>(173,249)</u>
Governmental activities capital assets, net	<u>\$ 102,055</u>	<u>\$ 23,775</u>	<u>\$ -</u>	<u>\$ 125,830</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 1,596	\$ -	\$ -	\$ 1,596
Total capital assets being depreciated	<u>1,596</u>	<u>-</u>	<u>-</u>	<u>1,596</u>
Less accumulated depreciation for:				
Equipment	-	(399)	-	(399)
Total accumulated depreciation	<u>-</u>	<u>(399)</u>	<u>-</u>	<u>(399)</u>
Business-type activities capital assets, net	<u>\$ 1,596</u>	<u>\$ (399)</u>	<u>\$ -</u>	<u>\$ 1,197</u>

Depreciation expense was charged to functions/programs of Regional Office of Education #39 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 59,536</u>
Business-type activities:	
Other:	
Depreciation	<u>\$ 399</u>

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS (Continued)

The Combined Statement of Revenues, Expenditures and Changes in Fund Balance reflects capital outlay totaling \$84,850. In some instances, the ownership of the asset does not belong to the Regional Office of Education #39, but rather belongs to the governmental or non-profit entity that ultimately benefits from the purchase. The Statement of Net Assets includes only those assets owned by the Regional Office of Education #39. A summary of capital asset purchases follows:

Purchases of capital assets by grants of which the Regional Office is not the owner	\$ 1,539
Purchases of capital assets owned by the Regional Office and included in the Statement of Net Assets	<u>83,311</u>
	<u>\$ 84,850</u>

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #39 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

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 through June 30, 2006 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.

In addition, virtually, all employers and 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 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.8 percent.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #39's TRS-covered employees.

On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #39. For the year ended June 30, 2006, State of Illinois contributions were made based on 7.06 percent of creditable earnings, and the Regional Office of Education #39 recognized revenue and expenditures of \$276,270 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$508,663) and 13.98 percent (\$668,421), respectively.

The Regional Office of Education #39 makes three other types of employer contributions directly to TRS.

2.2 Formula Contributions - Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$22,696. Contributions for the years ended June 30, 2005 and June 30, 2004 were \$25,084 and \$27,741, respectively.

Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #39, there is a statutory requirement for the Regional Office of Education #39 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 trust funds will be the same as the contribution rate to TRS.

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$829,083 were paid from federal and trust funds that required employer contributions of \$58,533. For the years ended June 30, 2005 and June 30, 2004, required contributions were \$111,638 and \$84,412, respectively.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Early Retirement Option - The Regional Office of Education #39 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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

Under the ERO program that expired June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2006, the Regional Office of Education #39 paid \$108,397 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the Regional Office of Education #39 paid \$90,446 and \$-0-, respectively, in employer ERO contributions.

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, 2005. The report for the year ended June 30, 2006, is expected to be available in late 2006.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

The Regional Office of Education #39's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #39 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 11.57 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, the Regional Office of Education #39's annual pension cost of \$131,783 was equal to the Regional Office of Education #39's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 131,783	100%	\$ -
12/31/04	61,840	100%	-
12/31/03	83,247	100%	-
12/31/02	105,131	100%	-
12/31/01	149,703	100%	-
12/31/00	147,886	100%	-
12/31/99	164,226	100%	-
12/31/98	157,828	100%	-
12/31/97	131,357	100%	-
12/31/96	103,298	100%	-

Schedule of Funding Progress

The Schedule of Funding Progress gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Funding Progress for the past ten years is reported as required supplementary information.

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2006, interfund receivables and payables were as follows:

<u>Due To (Receivable Fund)</u>	<u>Due From (Payable Fund)</u>	<u>Balance at June 30, 2006</u>
General Fund:	Education Fund:	
Business Office	WIA - Year Round Youth Program	\$ 8,345
Business Office	WIA - Year Round Youth Program II	27,077
Business Office	Special Education for Department of Corrections	497,938
Business Office	Early Childhood Block Grant	13,212
Business Office	Even Start	17,716
Business Office	Title I Reading First II	5,200
Business Office	Adult Transition Center	14,749
Business Office	System of Support Grant	19,588
Business Office	Baby Talk System of Support	5,935
Business Office	Title II Teacher Quality II	5,108
Business Office	System of Support State	2,617
Business Office	Early Childhood Block Grant II	18,002
General Fund:	Nonmajor Governmental Fund:	
Business Office	Baby Talk	15,539
Business Office	DOC-GED Contract	391
		<u>\$ 651,417</u>

All of the interfund balances are within the same pooled cash account. The amounts are cash balances borrowed from the General Fund.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

10. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Balance at July 1, 2005	<u>Reductions</u>	Balance at June 30, 2006
Compensated Absences	\$ 141,541	\$ 11,969	\$ 129,572

Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been presented. Compensated absences are liquidated through the fund that provides the particular employee's salary.

11. BOND

The 105 ILCS 5/3-2 directs the Regional Office of Education #39 to execute a bond of not less than \$100,000 on the regional superintendent. The Regional Office of Education #39 has secured and maintained such a bond with coverage of \$100,000 on the regional superintendent.

12. ON-BEHALF PAYMENTS

The Regional Office of Education #39 has received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent-salary	\$ 88,540
Regional Superintendent-benefits (includes State paid insurance)	15,743
Assistant Regional Superintendent-salary	75,158
Assistant Regional Superintendent-benefits (includes State paid insurance)	577
TRS pension contributions	<u>276,270</u>
	<u>\$ 456,288</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.

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

13. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education #39 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #39 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

At June 30, 2006, the Regional Office of Education #39 was a defendant in several pending lawsuits. Management believes that the liability insurance of the Regional Office is sufficient to cover any settlements resulting from the asserted claims.

14. CONTINGENCIES

The Regional Office of Education #39 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #39 believes any adjustments that may arise will be insignificant to the Regional Office of Education #39's operations.

15. OPERATING LEASES

The Regional Office of Education #39 is committed through July 31, 2008 under a lease agreement for the ground and second floor of a building located at 250 East William Street, Decatur, Illinois. This lease calls for monthly rental payments of \$7,073 from August 1, 2005 to July 31, 2008. The lease also calls for the Regional Office to make substantial interior and exterior improvements to the property and to pay all utilities and liability insurance.

The Regional Office has the option to extend the lease for one additional two-year period with monthly rental payments of \$7,073 from August 1, 2008 to July 31, 2010.

The Regional Office is committed through June 30, 2007 under a lease agreement for the building located at 1690 Huston Drive, Decatur, Illinois. This lease calls for monthly rental payments of \$3,750.

The counties served by the Regional Office are required by statute to provide the Regional Superintendent of Schools with office space. Therefore, Macon and Piatt Counties share a portion of the facility costs associated with the office space and reimburse the Regional Office for the rent, building maintenance and utilities expense incurred as a result of the lease for this office space.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

15. OPERATING LEASES (Continued)

The Regional Office of Education #39 is committed through March 31, 2011 under a lease agreement for the first floor of the building located at 432 North Water Street, Decatur, Illinois. This lease calls for monthly rent payments of \$3,750 from April 1, 2006 to March 31, 2008 and \$3,975 from April 1, 2008 to March 31, 2011. The lease also calls for the Regional Office to make substantial interior and exterior improvements to the property and to pay all utilities and liability insurance.

For financial accounting purposes, these leases are considered operating leases.

Future minimum payments are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2007	174,876
2008	130,551
2009	54,773
2010	47,700
2011	<u>35,775</u>
	<u>\$ 443,675</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

16. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #39's General Fund, Agency Funds and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments

General Fund:

Illinois State Board of Education	\$ 9,700
Macon County	14,900
Piatt County	8,422

Education Fund:

Illinois State Board of Education	58,461
Macon County WorkForce Investment Solution	42,608
Illinois Department of Corrections	1,252,743
Richland Community College	24,750
Iroquois Kankakee Regional Office of Education #32	75,315

Nonmajor Governmental Funds:

Illinois Department of Corrections	1,590
Decatur School District	33,337

Fiduciary Funds:

Illinois State Board of Education	7,164
Illinois Department of Human Services	4,496

Total	<u><u>\$ 1,533,486</u></u>
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Due To Other Governments

General Fund:

Illinois State Board of Education	\$ 3,066
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Education Fund:

Illinois State Board of Education	11
Illinois Department of Corrections	22,888
Iroquois Kankakee Regional Office of Education #32	5,504
Local School Districts	5,184

Nonmajor Governmental Funds:

Eastern Illinois University	65,790
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Fiduciary Funds:

Heartland Region	36,300
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Total	<u><u>\$ 138,743</u></u>
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MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO FINANCIAL STATEMENTS

17. SCHEDULE OF TRANSFERS

During the fiscal year ended June 30, 2006, transfers were as follows:

<u>Transfers From Other Funds</u> <u>(Transfers In)</u>	<u>Transfers To Other Funds</u> <u>(Transfers Out)</u>	<u>Total</u> <u>Transfers</u>
General Fund: Business Office	Education Fund: Sp. Ed. for Department of Corrections	\$ 1
Nonmajor Governmental Fund: St. Mary's Hospital School	Education Fund: ADA State Aid	7,069
Nonmajor Governmental Fund: Baby Talk	General Fund: Business Office	<u>967</u>
		<u>\$ 8,037</u>

The transfer to the General Fund was to reclassify cash from inactive funds. The transfer to St. Mary's Hospital School was to allocate State Aid funding from the Education Fund. The transfer to Baby Talk was to allocate interest earned on Baby Talk revenues from the Education Fund.

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

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
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)
12/31/05	\$1,477,110	\$ 1,685,559	\$ 208,449	87.63%	\$1,139,011	18.30%
12/31/04	1,346,397	1,627,772	281,375	82.71%	1,140,969	24.66%
12/31/03	1,281,403	1,402,631	121,228	91.36%	1,099,696	11.02%
12/31/02	1,413,566	1,341,717	(71,849)	105.36%	1,120,802	0.00%
12/31/01	1,233,940	1,212,441	(21,499)	101.77%	1,271,901	0.00%
12/31/00	1,117,463	1,196,672	79,209	93.38%	1,275,983	6.21%
12/31/99	865,397	1,115,908	250,511	77.55%	1,289,060	19.43%
12/31/98	621,401	908,067	286,666	68.43%	1,255,593	22.83%
12/31/97	413,127	764,011	350,884	54.07%	1,206,734	29.08%
12/31/96	225,815	578,521	352,706	39.03%	1,261,271	27.96%

On a market value basis, the actuarial value of assets as of December 31, 2005 was \$1,505,624. On a market basis, the funded ratio would be 89.32 percent.

Digest of Changes:

The actuarial assumptions used to determine the actuarial accrued liability for 2005 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.

SUPPLEMENTAL INFORMATION

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2006

	General	ROE/ISC Operations	Business Office	Totals
ASSETS				
Cash	\$ 11,188	\$ 4,990	\$ 112,097	\$ 128,275
Investments	8,258	-	-	8,258
Accounts receivable	-	-	4,361	4,361
Due from other funds	-	-	651,417	651,417
Due from other governments	-	-	33,022	33,022
Total assets	\$ 19,446	\$ 4,990	\$ 800,897	\$ 825,333
LIABILITIES				
Accounts payable	-	\$ 1,368	\$ 18,088	\$ 19,456
Accrued salaries and benefits	-	555	9,730	10,285
Due to other governments	-	3,066	-	3,066
Total liabilities	-	4,989	27,818	32,807
FUND BALANCES				
Unreserved	19,446	1	773,079	792,526
Total liabilities and fund balances	\$ 19,446	\$ 4,990	\$ 800,897	\$ 825,333

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2006

	General	ROE/ISC Operations	Business Office	Totals
Revenues:				
Local sources	\$ -	\$ -	\$ 700,603	\$ 700,603
State sources	-	72,624	5,600	78,224
On-behalf payments	456,288	-	-	456,288
Interest	1,144	-	42,073	43,217
Total revenues	<u>457,432</u>	<u>72,624</u>	<u>748,276</u>	<u>1,278,332</u>
Expenditures:				
Salaries and benefits	-	32,935	315,081	348,016
Purchased services	-	24,176	298,223	322,399
Supplies and materials	-	7,976	34,050	42,026
Capital outlay	-	6,983	23,625	30,608
Other objects	-	554	-	554
On-behalf payments	456,288	-	-	456,288
Total expenditures	<u>456,288</u>	<u>72,624</u>	<u>670,979</u>	<u>1,199,891</u>
Excess of revenues over expenditures	1,144	-	77,297	78,441
Other financing sources (uses):				
Transfers in	-	-	1	1
Transfers out	-	-	(967)	(967)
Total other financing sources (uses)	-	-	(966)	(966)
Net change in fund balances	1,144	-	76,331	77,475
Fund balances, beginning of year	<u>18,302</u>	<u>1</u>	<u>696,748</u>	<u>715,051</u>
Fund balances, end of year	<u>\$ 19,446</u>	<u>\$ 1</u>	<u>\$ 773,079</u>	<u>\$ 792,526</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 ROE/ISC OPERATIONS - PROJECT #06-3730-00
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	<u>\$ 72,624</u>	<u>\$ 72,624</u>	<u>\$ 72,624</u>	<u>\$ -</u>
Expenditures:				
Salaries and benefits	51,980	32,935	32,935	-
Purchased services	19,631	23,745	24,176	(431)
Supplies and materials	1,013	8,241	7,976	265
Capital outlay	-	7,000	6,983	17
Other objects	-	703	554	149
Total expenditures	<u>72,624</u>	<u>72,624</u>	<u>72,624</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>1</u>	
Fund balance, end of year			<u>\$ 1</u>	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2006

	Adult Education Performance	Adult Education Public Assistance	Adult Education State Basic	Adult Education Federal Basic
ASSETS				
Cash	\$ 815	\$ 752	\$ 411	\$ 572
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 815</u>	<u>\$ 752</u>	<u>\$ 411</u>	<u>\$ 572</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	815	752	410	572
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>815</u>	<u>752</u>	<u>410</u>	<u>572</u>
FUND BALANCES				
Unreserved	-	-	1	-
Total liabilities and fund balances	<u>\$ 815</u>	<u>\$ 752</u>	<u>\$ 411</u>	<u>\$ 572</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS (Continued)
 EDUCATION FUND
 June 30, 2006

	Adult Education	WIA - Year Round Youth Program I	WIA - Year Round Youth Program II	Safe School State Aid
ASSETS				
Cash	\$ 157,658	\$ -	\$ -	\$ 207,625
Accounts receivable	-	-	-	781
Due from other governments	-	9,306	33,302	37
Total assets	\$ 157,658	\$ 9,306	\$ 33,302	\$ 208,443
LIABILITIES				
Accounts payable	\$ 772	\$ -	\$ -	\$ 782
Accrued salaries and benefits	1,950	961	6,225	3,840
Due to other funds	-	8,345	27,077	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	2,722	9,306	33,302	4,622
FUND BALANCES				
Unreserved	154,936	-	-	203,821
Total liabilities and fund balances	\$ 157,658	\$ 9,306	\$ 33,302	\$ 208,443

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS (Continued)
 EDUCATION FUND
 June 30, 2006

	Truants Alternative/ Optional Education	ADA State Aid	Title IV Safe and Drug Free Schools	Title II Teacher Quality
ASSETS				
Cash	\$ 27,971	\$ 196,289	\$ 11	\$ 1,764
Accounts receivable	-	-	-	-
Due from other governments	-	2,800	-	-
Total assets	<u>\$ 27,971</u>	<u>\$ 199,089</u>	<u>\$ 11</u>	<u>\$ 1,764</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,074	\$ -	\$ -
Accrued salaries and benefits	27,971	37,295	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	11	-
Deferred revenue	-	-	-	-
Total liabilities	<u>27,971</u>	<u>39,369</u>	<u>11</u>	<u>-</u>
FUND BALANCES				
Unreserved	-	159,720	-	1,764
Total liabilities and fund balances	<u>\$ 27,971</u>	<u>\$ 199,089</u>	<u>\$ 11</u>	<u>\$ 1,764</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS (Continued)

EDUCATION FUND

June 30, 2006

	Title V Innovative Programs	Regional Safe Schools	Special Education for Department of Corrections	Standards Aligned Classroom Professional Development
ASSETS				
Cash	\$ -	\$ 13,142	\$ -	\$ 284
Accounts receivable	-	-	-	-
Due from other governments	-	-	1,236,443	-
Total assets	<u>\$ -</u>	<u>\$ 13,142</u>	<u>\$ 1,236,443</u>	<u>\$ 284</u>
LIABILITIES				
Accounts payable	\$ -	\$ 244	\$ 6,840	\$ 284
Accrued salaries and benefits	-	12,898	208,713	-
Due to other funds	-	-	497,938	-
Due to other governments	-	-	22,888	-
Deferred revenue	-	-	500,000	-
Total liabilities	<u>-</u>	<u>13,142</u>	<u>1,236,379</u>	<u>284</u>
FUND BALANCES				
Unreserved	-	-	64	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 13,142</u>	<u>\$ 1,236,443</u>	<u>\$ 284</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS (Continued)
 EDUCATION FUND
 June 30, 2006

	Early Childhood Block Grant	Even Start	Not on Tobacco	Title I Reading First
ASSETS				
Cash	\$ -	\$ -	\$ 394	\$ 305
Accounts receivable	-	-	-	-
Due from other governments	21,343	18,291	-	972
Total assets	<u>\$ 21,343</u>	<u>\$ 18,291</u>	<u>\$ 394</u>	<u>\$ 1,277</u>
LIABILITIES				
Accounts payable	\$ 2,264	\$ -	\$ -	\$ 311
Accrued salaries and benefits	5,867	575	-	966
Due to other funds	13,212	17,716	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>21,343</u>	<u>18,291</u>	<u>-</u>	<u>1,277</u>
FUND BALANCES				
Unreserved	-	-	394	-
Total liabilities and fund balances	<u>\$ 21,343</u>	<u>\$ 18,291</u>	<u>\$ 394</u>	<u>\$ 1,277</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS (Continued)
 EDUCATION FUND
 June 30, 2006

	Title I Reading First II	Title I Reading First Professional Development	Title I Reading First Technical Assistance	Adult Transition Center
ASSETS				
Cash	\$ -	\$ -	\$ 5,504	\$ -
Accounts receivable	-	-	-	-
Due from other governments	5,200	-	-	16,300
Total assets	\$ 5,200	\$ -	\$ 5,504	\$ 16,300
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	1,551
Due to other funds	5,200	-	-	14,749
Due to other governments	-	-	5,504	-
Deferred revenue	-	-	-	-
Total liabilities	5,200	-	5,504	16,300
FUND BALANCES				
Unreserved	-	-	-	-
Total liabilities and fund balances	\$ 5,200	\$ -	\$ 5,504	\$ 16,300

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS (Continued)
 EDUCATION FUND
 June 30, 2006

	System of Support Grant	Baby Talk System of Support	Title II Teacher Quality II	Title I School Improvement
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other governments	63,660	6,459	6,576	-
Total assets	\$ 63,660	\$ 6,459	\$ 6,576	\$ -
LIABILITIES				
Accounts payable	\$ 37,985	\$ -	\$ 1,468	\$ -
Accrued salaries and benefits	903	524	-	-
Due to other funds	19,588	5,935	5,108	-
Due to other governments	5,184	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	63,660	6,459	6,576	-
FUND BALANCES				
Unreserved	-	-	-	-
Total liabilities and fund balances	\$ 63,660	\$ 6,459	\$ 6,576	\$ -

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF ACCOUNTS (Continued)
 EDUCATION FUND
 June 30, 2006

	System of Support State	Center for the Application of Information Technologies - GED Illinois	Early Childhood Block Grant II	Totals
ASSETS				
Cash	\$ -	\$ 220	\$ -	\$ 613,717
Accounts receivable	-	-	-	781
Due from other governments	5,079	-	28,109	1,453,877
Total assets	\$ 5,079	\$ 220	\$ 28,109	\$ 2,068,375
LIABILITIES				
Accounts payable	\$ 2,243	\$ -	\$ 4,031	\$ 59,298
Accrued salaries and benefits	219	220	6,076	319,303
Due to other funds	2,617	-	18,002	635,487
Due to other governments	-	-	-	33,587
Deferred revenue	-	-	-	500,000
Total liabilities	5,079	220	28,109	1,547,675
FUND BALANCES				
Unreserved	-	-	-	520,700
Total liabilities and fund balances	\$ 5,079	\$ 220	\$ 28,109	\$ 2,068,375

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 For year ended June 30, 2006

	Adult Education Performance	Adult Education Public Assistance	Adult Education State Basic	Adult Education Federal Basic
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	67,867	38,109	28,237	-
Federal sources	-	-	-	29,461
Interest	-	-	-	-
Total revenues	67,867	38,109	28,237	29,461
Expenditures:				
Salaries and benefits	48,878	36,679	26,356	28,567
Purchased services	16,003	930	1,772	744
Supplies and materials	2,986	500	109	150
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Total expenditures	67,867	38,109	28,237	29,461
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	1	-
Fund balances, end of year	\$ -	\$ -	\$ 1	\$ -

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For year ended June 30, 2006

	Adult Education	WIA - Year Round Youth Program I	WIA - Year Round Youth Program II	Safe School State Aid
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 12,958
State sources	-	-	-	149,247
Federal sources	-	58,515	79,042	6,016
Interest	-	-	-	-
Total revenues	-	58,515	79,042	168,221
Expenditures:				
Salaries and benefits	103,584	44,828	70,950	101,799
Purchased services	32,156	10,374	6,663	45,302
Supplies and materials	4,822	3,313	1,429	564
Capital outlay	2,035	-	-	-
Payments to other governments	-	-	-	-
Total expenditures	142,597	58,515	79,042	147,665
Excess (deficiency) of revenues over (under) expenditures	(142,597)	-	-	20,556
Other financing sources (uses):				
Transfers in	162,046	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	162,046	-	-	-
Net change in fund balances	19,449	-	-	20,556
Fund balances, beginning of year	135,487	-	-	183,265
Fund balances, end of year	\$ 154,936	\$ -	\$ -	\$ 203,821

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For year ended June 30, 2006

	Truants Alternative/ Optional Education	ADA State Aid	Title IV Safe and Drug Free Schools	Title II Teacher Quality
Revenues:				
Local sources	\$ -	\$ 9,436	\$ -	\$ -
State sources	262,523	546,578	-	-
Federal sources	-	-	203	3,710
Interest	-	-	-	-
Total revenues	262,523	556,014	203	3,710
Expenditures:				
Salaries and benefits	224,038	223,443	-	-
Purchased services	38,485	139,776	-	-
Supplies and materials	-	29,411	203	-
Capital outlay	-	39,257	-	3,710
Payments to other governments	-	-	-	-
Total expenditures	262,523	431,887	203	3,710
Excess (deficiency) of revenues over (under) expenditures	-	124,127	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(169,115)	-	-
Total other financing sources (uses)	-	(169,115)	-	-
Net change in fund balances	-	(44,988)	-	-
Fund balances, beginning of year	-	204,708	-	1,764
Fund balances, end of year	\$ -	\$ 159,720	\$ -	\$ 1,764

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For the year ended June 30, 2006

	Title V Innovative Programs	Regional Safe Schools	Special Education for Department of Corrections	Standards Aligned Classroom Professional Development
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	192,127	3,241,546	-
Federal sources	179	-	1,045,970	11,000
Interest	-	-	2,670	-
Total revenues	179	192,127	4,290,186	11,000
Expenditures:				
Salaries and benefits	-	135,190	3,810,971	-
Purchased services	-	39,350	468,412	7,000
Supplies and materials	179	17,587	9,264	4,000
Capital outlay	-	-	1,539	-
Payments to other governments	-	-	-	-
Total expenditures	179	192,127	4,290,186	11,000
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(1)	-
Total other financing sources (uses)	-	-	(1)	-
Net change in fund balances	-	-	(1)	-
Fund balances, beginning of year	-	-	65	-
Fund balances, end of year	\$ -	\$ -	\$ 64	\$ -

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For the year ended June 30, 2006

	Early Childhood Block Grant	Even Start	Not on Tobacco	Title I Reading First
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	388,789	-	-	-
Federal sources	-	82,131	-	76,620
Interest	-	-	-	-
Total revenues	<u>388,789</u>	<u>82,131</u>	<u>-</u>	<u>76,620</u>
Expenditures:				
Salaries and benefits	324,722	77,088	-	57,249
Purchased services	45,768	5,043	-	13,738
Supplies and materials	18,299	-	-	5,633
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Total expenditures	<u>388,789</u>	<u>82,131</u>	<u>-</u>	<u>76,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>394</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ -</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For the year ended June 30, 2006

	Title I Reading First II	Title I Reading First Professional Development	Title I Reading First Technical Assistance	Adult Transition Center
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	72,654
Federal sources	15,373	12,570	19,917	-
Interest	-	-	-	-
Total revenues	15,373	12,570	19,917	72,654
Expenditures:				
Salaries and benefits	3,009	3,009	-	69,052
Purchased services	363	460	4,766	1,669
Supplies and materials	12,001	9,101	-	1,933
Capital outlay	-	-	-	-
Payments to other governments	-	-	15,151	-
Total expenditures	15,373	12,570	19,917	72,654
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For the year ended June 30, 2006

	System of Support Grant	Baby Talk System of Support	Title II Teacher Quality II
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	25,785	-
Federal sources	176,731	-	18,702
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	176,731	25,785	18,702
Expenditures:			
Salaries and benefits	64,354	25,111	-
Purchased services	29,997	674	5,437
Supplies and materials	82,380	-	13,265
Capital outlay	-	-	-
Payments to other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	176,731	25,785	18,702
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	-	-	-
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	<hr/>	<hr/>	<hr/>
	-	-	-
Fund balances, end of year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ -	\$ -

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For the year ended June 30, 2006

	Title I School Improvement	System of Support State	Center for the Application of Information Technologies - GED Illinois
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	27,901	11,000
Federal sources	9,587	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	9,587	27,901	11,000
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	16,588	8,124
Purchased services	-	5,924	2,525
Supplies and materials	9,587	2,931	351
Capital outlay	-	2,458	-
Payments to other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	9,587	27,901	11,000
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 EDUCATION FUND ACCOUNTS
 For the year ended June 30, 2006

	Early Childhood Block Grant II	Eliminations	Totals
Revenues:			
Local sources	\$ -	\$ -	\$ 22,394
State sources	211,467	-	5,263,830
Federal sources	-	-	1,645,727
Interest	-	-	2,670
Total revenues	211,467	-	6,934,621
Expenditures:			
Salaries and benefits	140,699	-	5,644,288
Purchased services	53,134	-	976,465
Supplies and materials	13,861	-	243,859
Capital outlay	3,773	-	52,772
Payments to other governments	-	-	15,151
Total expenditures	211,467	-	6,932,535
Excess (deficiency) of revenues over (under) expenditures	-	-	2,086
Other financing sources (uses):			
Transfers in	-	(162,046)	-
Transfers out	-	162,046	(7,070)
Total other financing sources (uses)	-	-	(7,070)
Net change in fund balances	-	-	(4,984)
Fund balances, beginning of year	-	-	525,684
Fund balances, end of year	\$ -	\$ -	\$ 520,700

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 ADULT EDUCATION PERFORMANCE - PROJECT #537AA
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 67,867	\$ 67,867	\$ 67,867	\$ -
Expenditures:				
Salaries and benefits	50,199	50,199	48,878	1,321
Purchased services	16,682	16,682	16,003	679
Supplies and materials	986	986	2,986	(2,000)
Total expenditures	67,867	67,867	67,867	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 ADULT EDUCATION PUBLIC ASSISTANCE - PROJECT #537AA
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 38,109	\$ 38,109	\$ 38,109	\$ -
Expenditures:				
Salaries and benefits	37,193	37,193	36,679	514
Purchased services	416	416	930	(514)
Supplies and materials	500	500	500	-
Total expenditures	38,109	38,109	38,109	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 ADULT EDUCATION STATE BASIC - PROJECT #537AA
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 28,237	\$ 28,237	\$ 28,237	\$ -
Expenditures:				
Salaries and benefits	26,625	26,625	26,356	269
Purchased services	1,503	1,503	1,772	(269)
Supplies and materials	109	109	109	-
Total expenditures	28,237	28,237	28,237	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			1	
Fund balance, end of year			\$ 1	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 ADULT EDUCATION FEDERAL BASIC - PROJECT #537AA
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 29,461	\$ 29,461	\$ 29,461	\$ -
Expenditures:				
Salaries and benefits	28,942	28,942	28,567	375
Purchased services	369	369	744	(375)
Supplies and materials	150	150	150	-
Total expenditures	29,461	29,461	29,461	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #06-3695-00
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 279,280	\$ 262,523	\$ 262,523	\$ -
Expenditures:				
Salaries and benefits	226,602	226,602	224,038	2,564
Purchased services	52,678	35,921	38,485	(2,564)
Total expenditures	279,280	262,523	262,523	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE

EDUCATION FUND ACCOUNTS

TITLE IV SAFE AND DRUG FREE SCHOOLS - PROJECT #06-4400-00

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 214	\$ 214	\$ 203	\$ (11)
Expenditures:				
Supplies and materials	214	214	203	11
Total expenditures	214	214	203	11
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II TEACHER QUALITY - PROJECT #06-4932-00
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 3,710	\$ 3,710	\$ 3,710	\$ -
Expenditures:				
Capital outlay	3,710	3,710	3,710	-
Total expenditures	3,710	3,710	3,710	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			1,764	
Fund balance, end of year			\$ 1,764	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE V INNOVATIVE PROGRAMS - PROJECT #06-4100-00
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 179	\$ 179	\$ 179	\$ -
Expenditures:				
Supplies and materials	179	179	179	-
Total expenditures	179	179	179	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS - PROJECT #06-3696-00
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 182,503	\$ 192,127	\$ 192,127	\$ -
Expenditures:				
Salaries and benefits	141,125	135,925	135,190	735
Purchased services	31,578	39,097	39,350	(253)
Supplies and materials	9,800	17,105	17,587	(482)
Total expenditures	182,503	192,127	192,127	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT - PROJECT #06-3705-01
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 388,789	\$ 388,789	\$ 388,789	\$ -
Expenditures:				
Salaries and benefits	344,354	324,729	324,722	7
Purchased services	32,713	45,504	45,768	(264)
Supplies and materials	11,722	18,556	18,299	257
Total expenditures	388,789	388,789	388,789	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE I READING FIRST - PROJECT #06-4337-01
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 92,884	\$ 137,813	\$ 76,620	\$ (61,193)
Expenditures:				
Salaries and benefits	63,769	57,252	57,249	3
Purchased services	24,805	13,971	13,738	233
Supplies and materials	4,310	41,911	5,633	36,278
Payments to other governments	-	24,679	-	24,679
Total expenditures	92,884	137,813	76,620	61,193
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE I READING FIRST II - PROJECT #06-4337-02
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 10,355	\$ 15,426	\$ 15,373	\$ (53)
Expenditures:				
Salaries and benefits	3,010	3,010	3,009	1
Purchased services	363	363	363	-
Supplies and materials	6,982	12,053	12,001	52
Total expenditures	10,355	15,426	15,373	53
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE I READING FIRST PROFESSIONAL DEVELOPMENT - PROJECT #06-4337-00
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 12,570	\$ 12,570	\$ 12,570	\$ -
Expenditures:				
Salaries and benefits	3,010	3,010	3,009	1
Purchased services	3,503	460	460	-
Supplies and materials	6,057	9,100	9,101	(1)
Total expenditures	12,570	12,570	12,570	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE I READING FIRST TECHNICAL ASSISTANCE - PROJECT #06-4337-04
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 19,917	\$ 19,917	\$ 19,917	\$ -
Expenditures:				
Purchased services	4,766	4,766	4,766	-
Payments to other governments	15,151	15,151	15,151	-
Total expenditures	19,917	19,917	19,917	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT II - PROJECT #06-3705-61
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 211,467	\$ 211,467	\$ 211,467	\$ -
Expenditures:				
Salaries and benefits	162,061	139,895	140,699	(804)
Purchased services	35,456	56,155	53,134	3,021
Supplies and materials	11,450	12,217	13,861	(1,644)
Capital outlay	2,500	3,200	3,773	(573)
Total expenditures	211,467	211,467	211,467	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2006

	Institute	General Education Development	Film Library
ASSETS			
Cash	\$ 75,036	\$ 15,181	\$ 3,562
Investments	2,776	-	-
Accounts receivable	-	-	-
Due from other governments	-	100	-
Total assets	\$ 77,812	\$ 15,281	\$ 3,562
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	723
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	34,325	-	-
Total liabilities	34,325	-	723
FUND BALANCES			
Unreserved	43,487	15,281	2,839
Total liabilities and fund balances	\$ 77,812	\$ 15,281	\$ 3,562

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING BALANCE SHEET (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

	<u>Bus Permit</u>	<u>Supervisory</u>	<u>Regional Board of Trustees</u>
ASSETS			
Cash	\$ 2,406	\$ 12	\$ 558
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,406</u>	<u>\$ 12</u>	<u>\$ 558</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Unreserved	<u>2,406</u>	<u>12</u>	<u>558</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 2,406</u>	<u>\$ 12</u>	<u>\$ 558</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING BALANCE SHEET (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

	<u>Junior Achievement</u>	<u>Futures Pop Fund</u>	<u>St. Mary's Hospital School</u>
ASSETS			
Cash	\$ 3,483	\$ 887	\$ 28,057
Investments	-	-	-
Accounts receivable	-	833	-
Due from other governments	-	-	33,337
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,483</u>	<u>\$ 1,720</u>	<u>\$ 61,394</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	1,063
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,063</u>
FUND BALANCES			
Unreserved	<u>3,483</u>	<u>1,720</u>	<u>60,331</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 3,483</u>	<u>\$ 1,720</u>	<u>\$ 61,394</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING BALANCE SHEET (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

	Student Council	Teachers' Exchange	Decatur Education Conference
ASSETS			
Cash	\$ 119	\$ 69,037	\$ 9,524
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	-
	<u>119</u>	<u>69,037</u>	<u>9,524</u>
Total assets	<u>\$ 119</u>	<u>\$ 69,037</u>	<u>\$ 9,524</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	65,790	-
Deferred revenue	-	-	-
	<u>-</u>	<u>65,790</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>65,790</u>	<u>-</u>
FUND BALANCES			
Unreserved	<u>119</u>	<u>3,247</u>	<u>9,524</u>
Total liabilities and fund balances	<u>\$ 119</u>	<u>\$ 69,037</u>	<u>\$ 9,524</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING BALANCE SHEET (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

	<u>Baby Talk</u>	<u>Partners in Education</u>	<u>Futures Foundation</u>
ASSETS			
Cash	\$ 967	\$ 1	\$ 1,431
Investments	-	-	-
Accounts receivable	17,575	-	24,483
Due from other governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 18,542</u>	<u>\$ 1</u>	<u>\$ 25,914</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	3,003	-	-
Due to other funds	15,539	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>18,542</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Unreserved	<u>-</u>	<u>1</u>	<u>25,914</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 18,542</u>	<u>\$ 1</u>	<u>\$ 25,914</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING BALANCE SHEET (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

	Power Up Teacher	Proposal for Partnership	Department of Corrections - GED Contract
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	1,490
Total assets	\$ -	\$ -	\$ 1,490
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,048
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	391
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	1,439
FUND BALANCES			
Unreserved	-	-	51
Total liabilities and fund balances	\$ -	\$ -	\$ 1,490

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING BALANCE SHEET (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

	Athletes & Asthma	Forming Critical Crisis Response Teams	Totals
ASSETS			
Cash	\$ -	\$ -	\$ 210,261
Investments	-	-	2,776
Accounts receivable	-	-	42,891
Due from other governments	-	-	34,927
	<u>-</u>	<u>-</u>	<u>34,927</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,855</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,048
Accrued salaries and benefits	-	-	4,789
Due to other funds	-	-	15,930
Due to other governments	-	-	65,790
Deferred revenue	-	-	34,325
	<u>-</u>	<u>-</u>	<u>34,325</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>121,882</u>
FUND BALANCES			
Unreserved	-	-	168,973
	<u>-</u>	<u>-</u>	<u>168,973</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,855</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2006

	Institute	General Education Development	Film Library
Revenues:			
Local sources	\$ 19,584	\$ 13,786	\$ 32,538
State sources	-	-	-
Federal sources	-	-	-
Interest	1,755	545	251
Total revenues	<u>21,339</u>	<u>14,331</u>	<u>32,789</u>
Expenditures:			
Salaries and benefits	-	-	26,527
Purchased services	929	10,736	4,592
Supplies and materials	225	4,026	306
Capital outlay	-	-	-
Total expenditures	<u>1,154</u>	<u>14,762</u>	<u>31,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,185</u>	<u>(431)</u>	<u>1,364</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(10,000)	-	-
Total other financing sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,185	(431)	1,364
Fund balances, beginning of year	<u>33,302</u>	<u>15,712</u>	<u>1,475</u>
Fund balances, end of year	<u>\$ 43,487</u>	<u>\$ 15,281</u>	<u>\$ 2,839</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the year ended June 30, 2006

	Bus Permit	Supervisory	Regional Board of Trustees
Revenues:			
Local sources	\$ 1,608	\$ -	\$ -
State sources	960	2,000	-
Federal sources	-	-	-
Interest	56	12	14
	<u>2,624</u>	<u>2,012</u>	<u>14</u>
Total revenues			
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	1,968	2,109	-
Supplies and materials	296	-	-
Capital outlay	-	-	-
	<u>2,264</u>	<u>2,109</u>	<u>-</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>360</u>	<u>(97)</u>	<u>14</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	360	(97)	14
Fund balances, beginning of year	<u>2,046</u>	<u>109</u>	<u>544</u>
Fund balances, end of year	<u>\$ 2,406</u>	<u>\$ 12</u>	<u>\$ 558</u>

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the year ended June 30, 2006

	Junior Achievement	Futures Pop Fund	St. Mary's Hospital School
Revenues:			
Local sources	\$ 10,082	\$ 7,454	\$ 84,344
State sources	-	-	-
Federal sources	-	-	-
Interest	-	-	-
Total revenues	<u>10,082</u>	<u>7,454</u>	<u>84,344</u>
Expenditures:			
Salaries and benefits	-	-	77,478
Purchased services	6,664	-	5,591
Supplies and materials	-	7,223	247
Capital outlay	-	1,470	-
Total expenditures	<u>6,664</u>	<u>8,693</u>	<u>83,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,418</u>	<u>(1,239)</u>	<u>1,028</u>
Other financing sources (uses):			
Transfers in	-	-	7,069
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,069</u>
Net change in fund balances	3,418	(1,239)	8,097
Fund balances, beginning of year	<u>65</u>	<u>2,959</u>	<u>52,234</u>
Fund balances, end of year	<u>\$ 3,483</u>	<u>\$ 1,720</u>	<u>\$ 60,331</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the year ended June 30, 2006

	Student Council	Teachers' Exchange	Decatur Education Conference
Revenues:			
Local sources	\$ -	\$ 199,779	\$ -
State sources	-	-	-
Federal sources	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	199,779	-
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	199,777	10,912
Supplies and materials	-	2	5,339
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	199,779	16,251
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	(16,251)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	10,000
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	10,000
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	(6,251)
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	119	3,247	15,775
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 119	\$ 3,247	\$ 9,524
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the year ended June 30, 2006

	Baby Talk	Partners in Education	Futures Foundation
Revenues:			
Local sources	\$ 171,800	\$ 500	\$ 1,836
State sources	-	-	-
Federal sources	-	-	-
Interest	-	-	-
Total revenues	<u>171,800</u>	<u>500</u>	<u>1,836</u>
Expenditures:			
Salaries and benefits	162,000	-	-
Purchased services	10,767	-	-
Supplies and materials	-	500	-
Capital outlay	-	-	-
Total expenditures	<u>172,767</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(967)</u>	<u>-</u>	<u>1,836</u>
Other financing sources (uses):			
Transfers in	967	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>967</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	1,836
Fund balances, beginning of year	<u>-</u>	<u>1</u>	<u>24,078</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 25,914</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the year ended June 30, 2006

	Power Up Teacher	Proposal for Partnership	Department of Corrections - GED Contract
Revenues:			
Local sources	\$ 500	\$ -	\$ -
State sources	-	-	9,716
Federal sources	-	1,840	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	500	1,840	9,716
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	1,840	9,691
Supplies and materials	500	-	25
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	500	1,840	9,716
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	-	-	51
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ -	\$ 51
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the year ended June 30, 2006

	Athletes & Asthma	Forming Critical Crisis Response Teams	Eliminations	Totals
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 543,811
State sources	-	-	-	12,676
Federal sources	1,510	489	-	3,839
Interest	-	-	-	2,633
Total revenues	1,510	489	-	562,959
Expenditures:				
Salaries and benefits	-	-	-	266,005
Purchased services	1,235	442	-	267,253
Supplies and materials	275	47	-	19,011
Capital outlay	-	-	-	1,470
Total expenditures	1,510	489	-	553,739
Excess (deficiency) of revenues over (under) expenditures	-	-	-	9,220
Other financing sources (uses):				
Transfers in	-	-	(10,000)	8,036
Transfers out	-	-	10,000	-
Total other financing sources (uses)	-	-	-	8,036
Net change in fund balances	-	-	-	17,256
Fund balances, beginning of year	-	-	-	151,717
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 168,973

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2006

	Distributive Fund	Project Success Fund	Heartland Region Fund	Totals
ASSETS				
Cash	\$ -	\$ -	\$ 29,136	\$ 29,136
Due from other governments	-	4,496	7,164	11,660
Total assets	\$ -	\$ 4,496	\$ 36,300	\$ 40,796
LIABILITIES				
Due to other governments	\$ -	\$ -	\$ 36,300	\$ 36,300
Due to other organizations	-	4,496	-	4,496
Total liabilities	\$ -	\$ 4,496	\$ 36,300	\$ 40,796

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash	\$ -	\$ 2,884,227	\$ 2,884,227	\$ -
LIABILITIES				
Due to other funds	\$ -	\$ 1,939,688	\$ 1,939,688	\$ -
Due to other governments	-	944,539	944,539	-
Total liabilities	\$ -	\$ 2,884,227	\$ 2,884,227	\$ -
<u>PROJECT SUCCESS</u>				
ASSETS				
Cash	\$ -	\$ 48,496	\$ 48,496	\$ -
Due from other governments	4,496	48,496	48,496	4,496
Total assets	\$ 4,496	\$ 96,992	\$ 96,992	\$ 4,496
LIABILITIES				
Due to other organizations	\$ 4,496	\$ 48,496	\$ 48,496	\$ 4,496

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS**

For the year ended June 30, 2006

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
<u>HEARTLAND REGION</u>				
ASSETS				
Cash	\$ 4,500	\$ 985,882	\$ 961,246	\$ 29,136
Due from other governments	<u>5,995</u>	<u>987,051</u>	<u>985,882</u>	<u>7,164</u>
Total assets	<u>\$ 10,495</u>	<u>\$ 1,972,933</u>	<u>\$ 1,947,128</u>	<u>\$ 36,300</u>
LIABILITIES				
Due to other governments	<u>\$ 10,495</u>	<u>\$ 985,882</u>	<u>\$ 960,077</u>	<u>\$ 36,300</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 4,500	\$ 3,918,605	\$ 3,893,969	\$ 29,136
Due from other governments	<u>10,491</u>	<u>1,035,547</u>	<u>1,034,378</u>	<u>11,660</u>
Total assets	<u>\$ 14,991</u>	<u>\$ 4,954,152</u>	<u>\$ 4,928,347</u>	<u>\$ 40,796</u>
LIABILITIES				
Due to other funds	\$ -	\$ 1,939,688	\$ 1,939,688	\$ -
Due to other governments	10,495	1,930,421	1,904,616	36,300
Due to other organizations	<u>4,496</u>	<u>48,496</u>	<u>48,496</u>	<u>4,496</u>
Total liabilities	<u>\$ 14,991</u>	<u>\$ 3,918,605</u>	<u>\$ 3,892,800</u>	<u>\$ 40,796</u>

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHERS
DISTRIBUTIVE FUND
For the year ended June 30, 2006**

	Heartland Region	Futures Unlimited Alternative	ROE #39	Total
General State Aid	\$ -	\$ -	\$ 692,612	\$ 692,612
Special Ed. - Personnel	-	16,400	-	16,400
Career & Technical Ed. Improvement	667,399	-	-	667,399
Agriculture Education	17,640	-	-	17,640
State Free Lunch and Breakfast	-	-	436	436
School Breakfast Incentive	-	-	14	14
ROE School Bus Driver Training	-	-	960	960
Truants Alternative/Optional Ed.	-	-	262,523	262,523
Regional Safe Schools	-	-	219,630	219,630
Early Childhood - Block Grant	-	-	584,307	584,307
ROE and ISC Operations	-	-	72,624	72,624
Supervisory	-	-	2,000	2,000
Title V - Innovative Program-Formula	-	-	179	179
National School Lunch Program	-	-	4,576	4,576
School Breakfast Program	-	-	1,440	1,440
Title I - Reading First Part B SEA Funds	-	-	78,125	78,125
Title IV - Safe and Drug Free Schools-Formula	-	-	214	214
V.E. - Perkins - Title IIC - Secondary	259,500	-	-	259,500
Title II - Teacher Quality	-	-	3,648	3,648
TOTAL	\$ 944,539	\$ 16,400	\$ 1,923,288	\$ 2,884,227

FEDERAL FINANCIAL COMPLIANCE SECTION

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2006**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/05 - 6/30/06
U.S. Department of Education			
<i>Passed through the Illinois State Board of Education:</i>			
Title V - Innovative Program-Formula	84.298A	06-4100-00	\$ 179
Title IV - Safe & Drug Free Schools-Formula	84.186A	06-4400-00	203
Title II - Teacher Quality	84.367A	06-4932-00	3,710
Title I - Reading First Part B SEA Funds	84.357A	06-4337-01	76,620
Title I - Reading First Part B SEA Funds	84.357A	06-4337-02	15,373
Title I - Reading First Part B SEA Funds	84.357A	06-4337-00	12,570
Title I - Reading First Part B SEA Funds	84.357A	06-4337-04	19,917
Total Title I - Reading First Part B SEA Funds			124,480
Total Illinois State Board of Education			128,572
<i>Passed through Illinois State Board of Education passed through Richland Community College Dist. #537:</i>			
Even Start	84.213	06-4335-00	82,131
Total Richland Community College Dist. #537			82,131
<i>Passed through Illinois State Board of Education passed through Illinois Community College Board:</i>			
Adult Education and Family Literacy (Federal Basic)	84.002A	537 AA	29,461
Total Illinois Community College Board			29,461
<i>Passed through Illinois State Board of Education passed through Regional Office of Education #32:</i>			
SOS Grant - Title I School Improvement	84.010A	05-4331-00	48,178
SOS Grant - Title I School Improvement	84.010A	06-4331-00	128,553
Total SOS Grant - Title I School Improvement			176,731
Title I School Improvement	84.010A	05-4331-00	9,587
Total Title I School Improvement			186,318
Title II - Teacher Quality	84.367A	05-4935-00	11,797
Title II - Teacher Quality	84.367A	06-4935-00	6,905
Total Title II - Teacher Quality			18,702
Standards Aligned - Professional Development	84.298A	06-4999-00	11,000
Total Regional Office of Education #32			216,020
<i>Passed through Illinois State Board of Education passed through Special Ed. Agency - Department of Corrections:</i>			
(m) Federal - Special Education - IDEA Flow Through	84.027A	06-4620-00	1,045,970
Total Special Ed. Agency - Department of Corrections			1,045,970
(m) - Audited as a major program			

The accompanying notes are an integral part of this schedule.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the year ended June 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/05 - 6/30/06
U.S. Department of Education (Continued)			
<i>Passed through Illinois State Board of Education passed through Regional Office of Education #9:</i>			
Proposal for Partnership	84.318X	06-4972-00	<u>1,840</u>
Total Regional Office of Education #9			<u>1,840</u>
Total U.S. Department of Education			<u>1,503,994</u>
U.S. Department of Agriculture			
<i>Passed through Illinois State Board of Education:</i>			
National School Lunch Program	10.555	05-4210-00	485
National School Lunch Program	10.555	06-4210-00	<u>4,091</u>
Total National School Lunch Program			<u>4,576</u>
School Breakfast Program	10.553	05-4220-00	249
School Breakfast Program	10.553	06-4220-00	<u>1,191</u>
Total School Breakfast Program			<u>1,440</u>
Total Illinois State Board of Education			<u>6,016</u>
Total U.S. Department of Agriculture			<u>6,016</u>
U.S. Department of Labor			
<i>Passed through Macon County Workforce Investment Solutions:</i>			
WIA - Teen GED Academy	17.252	MPROE-04-1	58,515
WIA - Futures Unlimited	17.252	MPROE-04-2	<u>79,042</u>
Total Macon County Workforce Investment Solutions			<u>137,557</u>
Total U.S. Department of Labor			<u>137,557</u>
U.S. Department of Health and Human Services			
<i>Passed through U.S. Centers for Disease Control and Prevention passed through Illinois Department of Public Health</i>			
Athletes and Asthma	93.293	06-4999-01	<u>1,510</u>
Total Illinois Department of Public Health			<u>1,510</u>
Total U.S. Department of Health and Human Services			<u>1,510</u>
U.S. Department of Homeland Security			
<i>Passed through Illinois Emergency Management Agency passed through Illinois Department of Public Health</i>			
Forming Critical Crisis Reponse Teams	97.073	06-4999-00	<u>489</u>
Total Illinois Department of Public Health			<u>489</u>
Total U.S. Department of Homeland Security			<u>489</u>
TOTAL			<u>\$ 1,649,566</u>

(m) - Audited as a major program

The accompanying notes are an integral part of this schedule.

MACON-PLATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2006

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #39 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Regional Office of Education #39 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title I - Reading First Part B SEA Funds	84.357A	<u>\$ 15,151</u>

3. DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Federal – Special Education – IDEA Flow Through – To account for monies received from federal funds to be used to implement special education programs for School District #428 of the Department of Corrections.

4. NON-CASH ASSISTANCE

This note is not applicable to Regional Office of Education #39.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education #39.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The note is not applicable to Regional Office of Education #39.

MACON-PIATT COUNTIES REGIONAL OFFICE OF EDUCATION #39

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the year ended June 30, 2006

7. BACKGROUND INFORMATION ON ICCB FEDERAL GRANT ACTIVITY

Federal Basic: Grant awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency; to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children; and to assist adults in completing a secondary school education.