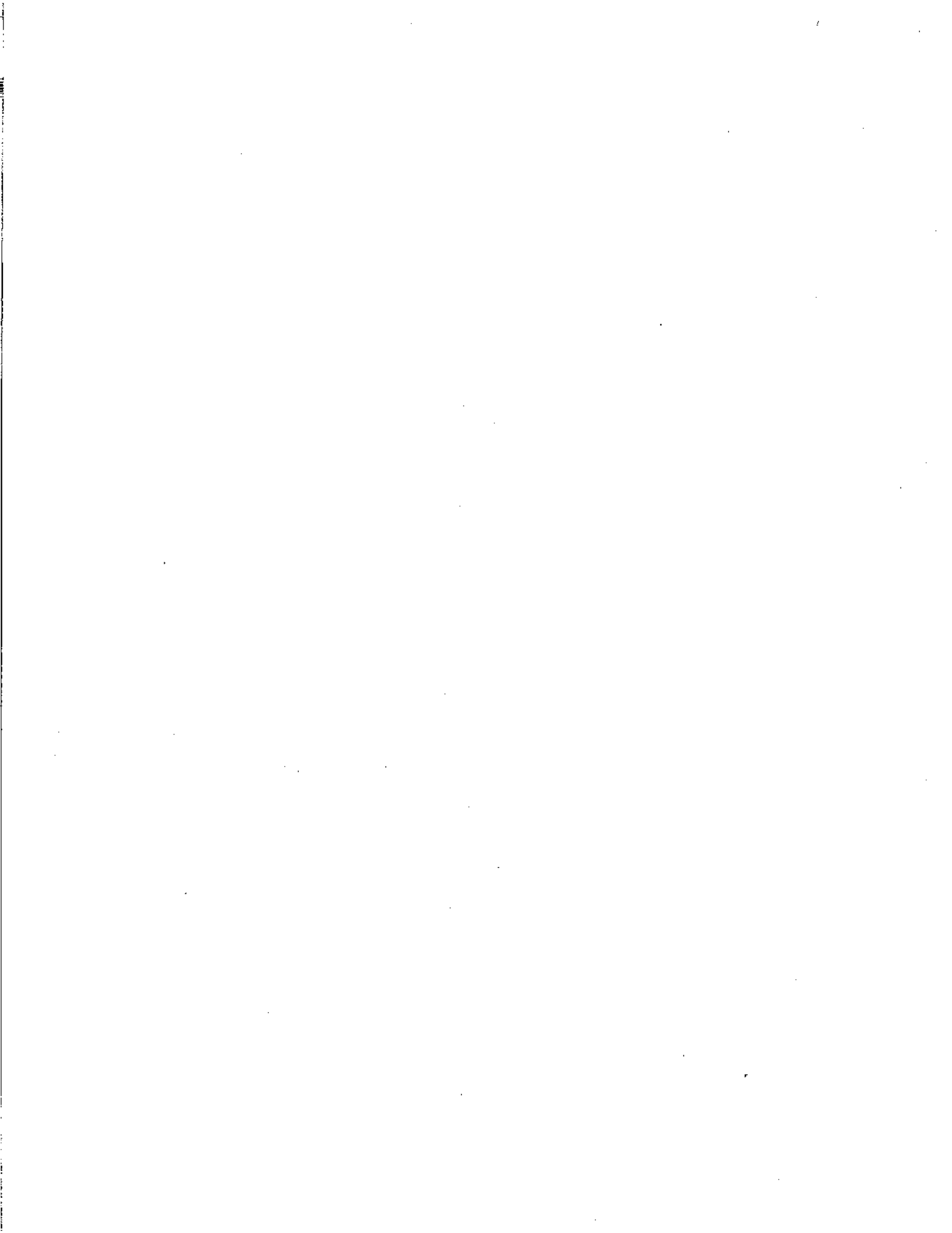


**STATE OF ILLINOIS
REGIONAL OFFICE OF EDUCATION #40**

**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**



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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REGIONAL OFFICE OF EDUCATION #40**

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REGIONAL OFFICE OF EDUCATION #40**

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REGIONAL OFFICE OF EDUCATION #40**

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**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

OFFICIALS

Regional Superintendent (current and during the audit period)..... Mr. Larry D. Pfeiffer

Assistant Regional Superintendent (current and during the audit period) Mr. Terry Strauch

Offices are located at:

220 N. Broad Street
Carlinville, IL 62626

Box 409, 100 Lincoln
Jerseyville, IL 62052

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u> | <u>This Audit</u> | <u>Prior Audit</u> |
|--|-------------------|--------------------|
| Audit findings | 2 | 5 |
| Repeated audit findings | 1 | 1 |
| Prior recommendations implemented or not repeated | 4 | 2 |

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> |
|---|-------------|---|
| FINDINGS (GOVERNMENT AUDITING STANDARDS) | | |
| 06-01 | 13-15 | Controls Over Compliance with Laws and Regulations |
| FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE) | | |
| 06-02 | 16-17 | Returning Interest Earned in Excess of \$100 on a Federal Grant |
| PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS) | | |
| 05-02 | 21 | Inadequate Review of Journal Entries |
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**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

COMPLIANCE REPORT SUMMARY (Continued)

| Item No. | Page | Description |
|--|-------------|--|
| PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE) | | |
| 05-04 | 21 | An expenditure report for an education fund did not agree to the general ledger. |
| 05-05 | 21 | Expenditure requirements for a grant were not followed. |

EXIT CONFERENCE

An informal exit conference was held on August 17, 2006. Attending were Larry D. Pfeiffer, Regional Superintendent, Beverly Kinser, Bookkeeper for the Regional Office of Education #40, and Heather Wolke, CPA with West & Company, LLC. Also attending, via phone, was Marilyn Rogers, Bookkeeper for the Regional Office of Education #40.

The responses to the recommendations were provided by Beverly Kinser in faxes dated November 29, 2006, January 12, 2007, and January 23, 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.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #40's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40, 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 August 17, 2006 on our consideration of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 22A through 22F and 55 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 #40's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, 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

August 17, 2006

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

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613 BROADWAY AVENUE
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(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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #40's basic financial statements and have issued our report thereon dated August 17, 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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-01.

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

August 17, 2006

WEST & COMPANY, LLC

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&
CONSULTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE FOR EACH PROGRAM DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD OF EDUCATION IN THEIR MONITORING OF FEDERAL PROGRAMS

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's management. Our responsibility is to express an opinion on the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria 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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's compliance with those requirements.

In our opinion, the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 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. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-02.

Internal Control Over Compliance

The management of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

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. However, we noted a matter involving internal control over compliance with major program requirements which we reported on the accompanying Schedule of Findings and Questioned Costs as item 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

August 17, 2006

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of federal program or cluster</u> |
|-----------------------|---|
| 84.298A | Title V - Innovative Programs - Formula |
| 84.366B | Mathematics and Science Partnerships |
| 84.318X | It's Real Grant |
| 10.555 | National School Lunch Program |

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

Auditee qualified as a low-risk auditee? X yes no

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 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.)
- D. The Illinois School Code 105 ILCS 5/3-7 states that each school district shall, as of June 30 each year, cause an audit to be made of its accounts. Each school district shall on or before October 15 of each year, submit an original and one copy of such audit to the Regional Superintendent of Schools. If any school district fails to supply the Regional Superintendent of Schools with a copy of such audit report on or before October 15, or within such time extended by the Regional Superintendent of Schools from that date, not to exceed 60 days, then it shall be the responsibility of the Regional Superintendent of Schools to cause such audit to be made.

Conditions:

- A. The Regional Office of Education #40 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 has been examining school district financial statements on an annual basis.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 05-01)
(Continued)**

Conditions: (Continued)

- B. The Regional Office of Education #40 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and dates of visitation.
- C. The Regional Office of Education #40 performs compliance inspections for each public school in his region on a rotational basis every 3 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.
- D. The Regional Office of Education #40 was unable to supply evidence that 4 of the 16 school district financial statement audit reports were submitted to the ROE by October 17, 2005 or by the extension date. Further, one school district's financial statement audit report was not signed by the District Superintendent until after the deadline on October 20, 2005.

Effect:

The Regional Office of Education No. 40 did not comply with statutory requirements.

Causes:

- A. The level of financial review performed by the Regional Superintendent is not adequate to comply with the statute.
- B. The Regional Superintendent was not aware of the interpretation of the statute.
- C. The Regional Superintendent stated that he believes the periodic compliance visits completed at the public schools were sufficient to satisfy the statutory requirement.
- D. The Regional Office of Education #40 does not maintain a log evidencing the receipt of the financial audits from the school districts and has no system for monitoring whether or not copies of financial audits are on hand.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 05-01)
(Continued)

Auditors' Recommendations:

- A. The Regional Office of Education #40 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, providing a report of all his acts including a list of all the schools visited and dates of visitation 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.
- D. The Regional Office of Education #40 should maintain a log evidencing the receipt of the financial audits from the school districts and should implement a system for monitoring whether or not copies of financial audits are on hand as required by 105 ILCS 5/3-7.

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 Responses:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicate 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. I am requesting the County Board to include me on the agenda to present the quarterly report.
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicate and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.
- D. The office manager has developed an Excel spreadsheet to monitor the time frame for these reports.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

Section III - Federal Award Findings

FINDING NO. 06-02 – Returning Interest Earned in Excess of \$100 on a Federal Grant

Federal Program Name and Year: Mathematics and Science Partnerships - 2005

Project No.: 05-4936-00

CFDA No.: 84.366B

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21) requires that interest earned on federal fund balances in excess of \$100 be remitted back to the federal granting agency.

Condition:

A review of the Regional Office of Education No. 40's general ledger for the Mathematics and Science Partnerships program revealed that the program earned \$145 in interest for the grant year ended August 31, 2005. The excess interest earned was not returned to the granting agency during the grant period ended August 31, 2005.

Questioned Cost:

Mathematics and Science Partnerships \$45

Context:

N/A

Effect:

The Regional Office of Education No. 40 did not comply with the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21).

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

Section III - Federal Award Findings (Continued)

**FINDING NO. 06-02 – Returning Interest Earned in Excess of \$100 on a Federal Grant
(Continued)**

Cause:

The Regional Office of Education No. 40 stated that the interest was not returned due to an oversight by the person responsible for overseeing the grant.

Auditors' Recommendation:

The Regional Office of Education No. 40's personnel responsible for overseeing federal grants should monitor the amount of interest earned and return any amount in excess of \$100 to the federal granting agency.

Management's Response:

The situation has been addressed and remedied for FY05 and FY06.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 #40 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 has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #40 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of the all the school visited and dates of visitation.
- C. The Regional Office of Education #40 performs compliance inspections for each public school in his region on a rotational basis every 3 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.
- D. The Regional Office of Education #40 was unable to supply evidence that 4 of the 16 school district financial statement audit reports were submitted to the ROE by October 17, 2005 or by the extension date. Further, one school district's financial statement audit report was not signed by the District Superintendent until after the deadline on October 20, 2005.

Plans:

- A. We will seek a legislative solution to this and other obsolete passages.
- B. I have attended the County Board meetings in January 2007 and presented the first quarterly reports to each Board.
- C. We will seek a legislative solution to this and other obsolete passages.
- D. The office manager has developed an Excel sheet to monitor the time frame for these reports.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2006

Corrective Action Plan (Continued)

Finding No.: 06-01 (Continued)

Anticipated Date of Completion:

- A. On going
- B. January 2007
- C. On going
- D. September 25, 2006

Name of Contact Person:

Larry Pfeiffer

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2006**

Corrective Action Plan

Finding No.: 06-02

Condition:

A review of the Regional Office of Education No. 40's general ledger for the Mathematics and Science Partnerships program revealed that the program earned \$145 in interest for the grant year ended August 31, 2005. The excess interest earned was not returned to the granting agency during the grant period ended August 31, 2005.

Plan:

The grant director will monitor interest and remit all monies exceeding \$100 to the U.S. Department of Education via the Illinois State Board of Education, Funding and Disbursements Division.

Anticipated Date of Completion:

October 18, 2006

Name of Contact Person:

Larry Pfeiffer

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 as finding 06-01 |
| 05-02 | Inadequate Review of Journal Entries | Finding was not repeated |
| 05-03 | Inadequate Internal Controls Over Disbursement Process | Finding was not repeated |
| 05-04 | An expenditure report for an education fund did not agree to the general ledger. | Finding was not repeated |
| 05-05 | Expenditure requirements for a grant were not followed. | Finding was not repeated |

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

The Regional Office of Education #40 for the Counties of Calhoun, Greene, Jersey, and Macoupin 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 of Education #40's financial statements which follow.

2006 FINANCIAL HIGHLIGHTS

- Within the Governmental Funds, the General Fund revenues decreased by \$31,358 from \$576,650 in fiscal year (FY) 2005 to \$545,292 in FY06. General Fund expenditures decreased by \$40,554 from \$592,604 in FY05 to \$552,050 in FY06.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$56,655 from \$1,028,405 in FY05 to \$1,085,060 in FY06. The Special Revenue Fund expenditures decreased by \$7,496 from \$1,057,371 in FY05 to \$1,049,875 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 of Education #40'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 #40 as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office of Education #40'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 #40 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 the financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The Government-wide financial statements present the Office's activities as governmental activities 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, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #40 established other funds to control and manage money for particular purposes.

The Regional Office of Education #40 has three kinds of funds:

- 1) Governmental funds account for most of the Regional Office of Education #40'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 Regional Office of Education #40's governmental funds include the General Fund and the Special Revenue Funds.

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

- 2) Proprietary funds, namely, Administrators Academy, Early Childhood Math, and Math and Science Workshop are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

The required proprietary funds' financial statements include the 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 #40 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.

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

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 of Education #40. The net assets at the end of the FY06 totaled approximately \$310,833. At the end of FY05, the net assets were approximately \$304,570. The analysis that follows provides a summary of the Office's net assets at June 30, 2006.

CONDENSED STATEMENT OF NET ASSETS

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|------------------|---------------------------------|------------------|------------------|------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Current Assets | \$413,722 | \$478,539 | \$ 16,292 | \$ 22,189 | \$ 430,014 | \$ 500,728 |
| Capital Assets, net | <u>36,560</u> | <u>51,435</u> | <u>-</u> | <u>-</u> | <u>36,560</u> | <u>51,435</u> |
| TOTAL ASSETS | <u>450,282</u> | <u>529,974</u> | <u>16,292</u> | <u>22,189</u> | <u>466,574</u> | <u>552,163</u> |
| Current Liabilities | <u>155,741</u> | <u>247,507</u> | <u>-</u> | <u>86</u> | <u>155,741</u> | <u>247,593</u> |
| TOTAL LIABILITIES | <u>155,741</u> | <u>247,507</u> | <u>-</u> | <u>86</u> | <u>155,741</u> | <u>247,593</u> |
| Net Assets: | | | | | | |
| Invested in Capital Assets, net of related debt | 36,560 | 51,435 | - | - | 36,560 | 51,435 |
| Restricted for teacher professional development | 37,671 | 25,276 | - | - | 37,671 | 25,276 |
| Unrestricted | <u>220,310</u> | <u>205,756</u> | <u>16,292</u> | <u>22,103</u> | <u>236,602</u> | <u>227,859</u> |
| TOTAL NET ASSETS | <u>\$294,541</u> | <u>\$282,467</u> | <u>\$ 16,292</u> | <u>\$ 22,103</u> | <u>\$310,833</u> | <u>\$304,570</u> |

Net assets of the Regional Office of Education #40 increased by \$6,263 from FY05.

Governmental activities increased the net assets of the Regional Office of Education #40 by \$12,074.

Business-type activities decreased the net assets of the Regional Office of Education #40 by \$5,811.

Net assets related to the Institute Fund are considered restricted for teacher professional development.

CHANGES IN NET ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------------|--------------------------|---------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ - | \$ - | \$ 37,194 | \$ 15,103 | \$ 37,194 | \$ 15,103 |
| Operating grants & contributions | 1,072,605 | 987,022 | - | - | 1,072,605 | 987,022 |
| General revenues: | | | | | | |
| Local sources | 250,948 | 278,556 | - | - | 250,948 | 278,556 |
| On-behalf payments - Local | 88,875 | 100,138 | - | - | 88,875 | 100,138 |
| On-behalf payments - State | 214,918 | 236,926 | - | - | 214,918 | 236,926 |
| Interest | 3,006 | 2,413 | 107 | - | 3,113 | 2,413 |
| TOTAL REVENUES | 1,630,352 | 1,605,055 | 37,301 | 15,103 | 1,667,653 | 1,620,158 |
| Expenses: | | | | | | |
| Program expenses: | | | | | | |
| Instructional services: | | | | | | |
| Salaries and benefits | 786,763 | 857,351 | - | - | 786,763 | 857,351 |
| Purchased services | 369,792 | 325,030 | - | - | 369,792 | 325,030 |
| Supplies and materials | 119,939 | 95,701 | - | - | 119,939 | 95,701 |
| Payments to other governments | 10,501 | 6,775 | - | - | 10,501 | 6,775 |
| Other objects | 10,438 | 17,251 | - | - | 10,438 | 17,251 |
| Depreciation | 15,574 | 24,948 | - | - | 15,574 | 24,948 |
| Administrative expenses: | | | | | | |
| On-behalf payments - Local | 88,875 | 100,138 | - | - | 88,875 | 100,138 |
| On-behalf payments - State | 214,918 | 236,926 | - | - | 214,918 | 236,926 |
| Business-type expenses | - | - | 44,590 | 16,142 | 44,590 | 16,142 |
| TOTAL EXPENSES | 1,616,800 | 1,664,120 | 44,590 | 16,142 | 1,661,390 | 1,680,262 |
| Changes in Net Assets before Transfers | 13,552 | (59,065) | (7,289) | (1,039) | 6,263 | (60,104) |
| Transfers | (1,478) | - | 1,478 | - | - | - |
| Changes in Net Assets | 12,074 | (59,065) | (5,811) | (1,039) | 6,263 | (60,104) |
| Net Assets, beginning of year | 282,467 | 341,532 | 22,103 | 23,142 | 304,570 | 364,674 |
| Net Assets, end of year | \$ 294,541 | \$ 282,467 | \$ 16,292 | \$ 22,103 | \$ 310,833 | \$ 304,570 |

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION #40 FUNDS

As previously noted, the Regional Office of Education #40 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds report combined fund balances of \$257,981 for FY06, compared to \$231,032 for FY05.

Governmental Fund Highlights:

- The ROE/ISC Operations grant increased by \$2,533
- Macoupin County continued to support the ROE at 100% with a 5% increase over FY05
- Tri-Counties support
 - Calhoun County continued at 100% with a 3% percent increase over FY05
 - Jersey County continued to support the ROE at 100% with a 3% increase over FY05
 - Greene County continued to support the ROE at 49% with a 0% increase over FY05

Revenues:

- Local sources decreased \$27,608.
- State sources increased \$69,401
- On behalf payments decreased from local sources \$11,263
- On behalf payments decreased from state sources \$22,008

Generally, total governmental fund revenues increased by \$25,297 and total governmental fund expenditures decreased \$47,320 for FY06 to offset the deficiency of revenues under expenditures of \$59,065 from FY05.

The state aid foundation level used to calculate the state aid received in FY06 increased to \$5,164 per student from \$4,964 per student in the prior year.

Proprietary Fund Highlights:

The increase of revenues and expenses in the proprietary fund in FY06 compared to FY05 was due to the increase in the number of workshops presented in FY06, notably in the Early Childhood Math Fund. In this fund, there were 43 workshops in FY06, compared to 32 in FY05. Increased requirements for No Child Left Behind necessitated a demand for new educational workshops. These new workshops, along with the increased attendance, explain the increase in revenue. To present these many additional workshops, expenses (such as presenter's fees, teacher's stipends, supplies, etc.) also increased.

Budgetary Highlights:

The Regional Office of Education #40 did not adopt annual budgets, nor are they legally required to, for all funds under its control. The Regional Superintendent annually prepares an Office Operation Budget and submits it to the four county boards for their approval. The Macoupin County Budget covers a fiscal year which runs from September 1 through August 31. However, the Tri-County Budget, which consists of budgets for Calhoun, Greene, and Jersey Counties, runs from December 1 through November 30. Since these budgets are not based on the same operating period as the Regional Office, they are not presented.

Budgetary reports are presented for certain programs funded by the Illinois State Board of Education and the Illinois Community College Board. These budgets must be prepared and submitted to the awarding agencies for approval. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and state sources or for additional services and supplies needed. Schedules showing the original budgets and final grant budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information section of this report.

Capital Assets:

Capital assets of the Regional Office of Education #40 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #40 maintains an inventory of capital assets which have been accumulated over time. For FY06, capital assets increased by \$699 which included a Dell computer and decreased by \$1,375 to reflect dispositions of a flat panel computer system.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #40 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.
- Several grants have remained near or will remain at previous levels. In addition, the TAOEP grant will be increased by several thousand dollars, but the RESPRO grant will be reduced by a significant amount. The School Services grant will increase by \$12,837.

The Even Start Family Literacy grant was allowed to carry over funds from FY05 to FY06. The reason for this ISBE administrative change was due to an anticipated decrease in grant funds.

CONTACTING THE REGIONAL OFFICE OF EDUCATION #40'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Regional Office of Education #40's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent at the Regional Office of Education #40, 220 North Broad Street, Carlinville, IL 62626.

BASIC FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF NET ASSETS
June 30, 2006**

| | Primary Government | | |
|---|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 402,492 | \$ 15,742 | \$ 418,234 |
| Accounts receivable | 2,365 | 550 | 2,915 |
| Investments | 391 | - | 391 |
| Due from other governments | 8,474 | - | 8,474 |
| Total current assets | 413,722 | 16,292 | 430,014 |
| Noncurrent assets: | | | |
| Capital assets, net | 36,560 | - | 36,560 |
| Total assets | 450,282 | 16,292 | 466,574 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 2,904 | - | 2,904 |
| Payroll liabilities payable | 47,245 | - | 47,245 |
| Claims payable | 8,752 | - | 8,752 |
| Due to other governments | 1,867 | - | 1,867 |
| Deferred revenue | 94,973 | - | 94,973 |
| Total current liabilities | 155,741 | - | 155,741 |
| NET ASSETS | | | |
| Invested in capital assets | 36,560 | - | 36,560 |
| Restricted for teacher professional development | 37,671 | - | 37,671 |
| Unrestricted | 220,310 | 16,292 | 236,602 |
| Total net assets | \$ 294,541 | \$ 16,292 | \$ 310,833 |

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 | Operating Grants and Contributions | Governmental | Primary Government |
| | | | | Activities | Business-Type Activities |
| Governmental activities: | | | | | |
| Instructional services: | | | | | |
| Salaries and benefits | \$ 786,763 | - | \$ 650,003 | \$ (136,760) | \$ (136,760) |
| Purchased services | 369,792 | - | 305,512 | (64,280) | (64,280) |
| Supplies and materials | 119,939 | - | 99,091 | (20,848) | (20,848) |
| Capital outlay | - | - | 699 | 699 | 699 |
| Payments to other governments | 10,501 | - | 8,676 | (1,825) | (1,825) |
| Other objects | 10,438 | - | 8,624 | (1,814) | (1,814) |
| Depreciation | 15,574 | - | - | (15,574) | (15,574) |
| Administrative: | | | | | |
| On-behalf payments - Local | 88,875 | - | - | (88,875) | (88,875) |
| On-behalf payments - State | 214,918 | - | - | (214,918) | (214,918) |
| Total governmental activities | 1,616,800 | - | 1,072,605 | (544,195) | (544,195) |
| Business-type activities: | | | | | |
| Instructional | 44,590 | 37,194 | - | - | (7,396) |
| Total primary government | \$ 1,661,390 | \$ 37,194 | \$ 1,072,605 | \$ (544,195) | \$ (7,396) |
| General revenues: | | | | | |
| Local sources | | | | 250,948 | 250,948 |
| On-behalf payments - Local | | | | 88,875 | 88,875 |
| On-behalf payments - State | | | | 214,918 | 214,918 |
| Interest | | | | 3,006 | 3,113 |
| Transfers | | | | (1,478) | - |
| Total general revenues | | | | 556,269 | 557,854 |
| Changes in net assets | | | | 12,074 | 6,263 |
| Net assets - beginning | | | | 282,467 | 304,570 |
| Net assets - ending | | | | \$ 294,541 | \$ 310,833 |

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | General Fund | Education Fund | Other Nonmajor Funds | Total Governmental Funds |
|-------------------------------------|-------------------|-------------------|----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash | \$ 149,270 | \$ 145,224 | \$ 107,998 | \$ 402,492 |
| Accounts receivable | 1,070 | 911 | 384 | 2,365 |
| Investments | 27 | 235 | 129 | 391 |
| Due from other funds | 16,044 | 18 | - | 16,062 |
| Due from other governments | - | 8,474 | - | 8,474 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 166,411</u> | <u>\$ 154,862</u> | <u>\$ 108,511</u> | <u>\$ 429,784</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 1,629 | \$ 1,275 | \$ 2,904 |
| Payroll liabilities payable | 1,196 | 42,881 | 3,168 | 47,245 |
| Claims payable | - | 4,376 | 4,376 | 8,752 |
| Due to other funds | - | 16,044 | 18 | 16,062 |
| Due to other governments | - | 81 | 1,786 | 1,867 |
| Deferred revenue | - | 90,060 | 4,913 | 94,973 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>1,196</u> | <u>155,071</u> | <u>15,536</u> | <u>171,803</u> |
| FUND BALANCES | | | | |
| Unreserved, reported in: | | | | |
| General fund | 165,215 | - | - | 165,215 |
| Special revenue funds | - | (209) | 92,975 | 92,766 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>165,215</u> | <u>(209)</u> | <u>92,975</u> | <u>257,981</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances | <u>\$ 166,411</u> | <u>\$ 154,862</u> | <u>\$ 108,511</u> | <u>\$ 429,784</u> |

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2006**

| | |
|--|--------------------------|
| Total fund balances - governmental funds | \$ 257,981 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | <u>36,560</u> |
| Net assets of governmental activities | <u><u>\$ 294,541</u></u> |

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

For the year ended June 30, 2006

| | General Fund | Education Fund | Other Nonmajor Funds | Total Governmental Funds |
|--|-------------------|-------------------|----------------------------|--------------------------------|
| Revenues: | | | | |
| Local sources | \$ 174,342 | \$ 22,094 | \$ 54,512 | \$ 250,948 |
| State sources | 65,890 | 531,243 | 127,500 | 724,633 |
| Federal sources | - | 342,275 | 5,697 | 347,972 |
| On-behalf payments | 303,793 | - | - | 303,793 |
| Interest | 1,267 | 932 | 807 | 3,006 |
| Total revenues | 545,292 | 896,544 | 188,516 | 1,630,352 |
| Expenditures: | | | | |
| Education: | | | | |
| Salaries and benefits | 145,228 | 587,358 | 54,177 | 786,763 |
| Purchased services | 76,386 | 223,590 | 69,816 | 369,792 |
| Supplies and materials | 26,643 | 77,931 | 15,365 | 119,939 |
| Capital outlay | - | 699 | - | 699 |
| Payments to other governments | - | 5,568 | 4,933 | 10,501 |
| Other objects | - | 2,546 | 7,892 | 10,438 |
| On-behalf payments | 303,793 | - | - | 303,793 |
| Total expenditures | 552,050 | 897,692 | 152,183 | 1,601,925 |
| Excess (deficiency) of revenues over (under) expenditures | (6,758) | (1,148) | 36,333 | 28,427 |
| Other financing sources (uses): | | | | |
| Transfers in | 57 | 50 | - | 107 |
| Transfers out | - | (1,535) | (50) | (1,585) |
| Total other financing sources (uses) | 57 | (1,485) | (50) | (1,478) |
| Net change in fund balances | (6,701) | (2,633) | 36,283 | 26,949 |
| Fund balances, beginning of year | 171,916 | 2,424 | 56,692 | 231,032 |
| Fund balances (deficits), end of year | \$ 165,215 | \$ (209) | \$ 92,975 | \$ 257,981 |

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 \$ 26,949

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

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

| | | |
|----------------------|-----------------|-----------------|
| Capital outlay | 699 | |
| Depreciation expense | <u>(15,574)</u> | <u>(14,875)</u> |

Change in net assets of governmental activities \$ 12,074

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006**

| | Business-Type Activities |
|---------------------|-----------------------------------|
| | <u>Enterprise Funds</u> |
| | <u>Other Enterprise Funds</u> |
| ASSETS | |
| Cash | \$ 15,742 |
| Accounts receivable | <u>550</u> |
| Total assets | 16,292 |
| LIABILITIES | |
| | <u>-</u> |
| NET ASSETS | <u><u>\$ 16,292</u></u> |

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

For the year ended June 30, 2006

| | Business-Type Activities <u>Enterprise Funds</u> Other Enterprise <u>Funds</u> |
|------------------------------|--|
| Operating revenues: | |
| Charges for services | <u>\$ 37,194</u> |
| Operating expenses: | |
| Salaries and benefits | 6,594 |
| Purchased services | 29,757 |
| Supplies and materials | <u>8,239</u> |
| Total operating expenses | <u>44,590</u> |
| Operating loss | (7,396) |
| Nonoperating revenues: | |
| Interest | <u>107</u> |
| Loss before transfers | (7,289) |
| Transfers in | <u>1,478</u> |
| Change in net assets | (5,811) |
| Total net assets - beginning | <u>22,103</u> |
| Total net assets - ending | <u><u>\$ 16,292</u></u> |

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Business-Type Activities <u>Enterprise Funds</u> <u>Other Enterprise Funds</u> |
|--|---|
| Cash flows from operating activities: | |
| Collection of fees | \$ 36,644 |
| Payment to suppliers and providers of goods and services | (37,996) |
| Payment to employees | <u>(6,680)</u> |
| Net cash used for operating activities | (8,032) |
| Cash flows from noncapital financing activities: | |
| Transfers in | 1,478 |
| Cash flows from investing activities: | |
| Interest received | <u>107</u> |
| Net decrease in cash and cash equivalents | (6,447) |
| Cash and cash equivalents - beginning | <u>22,189</u> |
| Cash and cash equivalents - ending | <u><u>\$ 15,742</u></u> |
| Reconciliation of operating loss to net cash used for operating activities: | |
| Operating loss | \$ (7,396) |
| Adjustments to reconcile operating income to net cash used for operating activities: | |
| Increase in accounts receivable | (550) |
| Decrease in payroll liabilities | <u>(86)</u> |
| Net cash used for operating activities | <u><u>\$ (8,032)</u></u> |

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

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006

| | <u>Agency Funds</u> |
|--------------------------|-------------------------|
| ASSETS | |
| Cash | <u>\$ 5,665</u> |
| LIABILITIES | |
| Due to other governments | <u>\$ 5,665</u> |

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

NOTES TO FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #40'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 #40 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Calhoun, Greene, Jersey and Macoupin 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 Regional 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 drivers licenses and are properly trained to operate the school buses. Further, the Regional 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 #40 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #40 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #40's financial statements. In addition, the Regional Office of Education #40 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #40 being considered a component unit of the entity.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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 #40 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education #40 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 #40. Included among these funds are:

Administrative Fund – This fund is the general operating fund of the Regional Office of Education #40. It is used to account for all financial resources except those required to be accounted for in another fund.

Testing Center – The Regional Testing Program purchases, maintains and circulates an inventory of testing materials to administer the Iowa Test of Basic Skills and the Cognitive Ability Test to the school districts of the region for all grade levels.

Jerseyville Office Account – Accounts for operations at the Jerseyville Regional Office of Education #40 office.

ROE/ISC Operations – Accounts for grant monies received and the payment of assistance in all areas of school improvement.

Direct Services Fund – This fund is used for student testing and cooperative services conducted through the Regional Office of Education #40 for the benefit of member districts.

Regional Initiative Fund – This fund is utilized for special regional initiatives with the consent and approval of the Macoupin County district superintendents.

Plaza Repair/Maintenance – This fund is a temporary account set up to track building improvement expenses which are reimbursed by the landlord.

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

Truants Alternative/Optional Education – Accounts for grant monies received for providing truancy prevention programming and monitoring of truants.

Mini Grants – Provides funds to increase student academic achievement by evaluating teacher and principal quality and to support reform efforts aimed at improving education. This fund includes the following programs: Title II – Teacher Quality (06-4932-00), Title V – Innovative Programs (06-4100-00), and Title IV – Safe and Drug Free Schools (06-4400-00).

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Regional Safe Schools – Enrolls at-risk students who are eligible for suspension or expulsion from their home school districts. The purpose of the program is to keep students on track academically while providing them with the strategies necessary for improving their pro-social skills. This fund receives Regional Safe Schools State Aid, which is General State Aid from the Illinois State Board of Education based on the average daily attendance at the Safe School.

Title II - Coop – Accounts for workshops for teachers in areas of math, science, and technology.

Title II - Teacher Quality – Accounts for a coop of schools' funds to provide teacher activities, conferences, and workshops in the areas of math and science.

Title IV - Community Service – Helps students improve academic learning and develop personal skills through structured service projects that meet community needs, thereby developing personal and social responsibility among participants.

Adult Education - Performance – Enhances the educational opportunities for Adult Education students by empowering them through responsible learning experiences.

Adult Education - State Basic – Used to empower learners by raising their awareness of the importance of education and training through increasing their learning skills, their knowledge of themselves, their relationship to their communities, and their workplace awareness.

Adult Education - Public Assistance – Increases students' learning potential with the intent that they will raise their skills to become more employable and find regular employment, thereby removing them from the public aid rolls.

National School Lunch – Used to account for the monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Adult Education - Federal Basic – 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.

K-6 Reading – Provides instructional materials and workshops in reading comprehension, critical thinking, and vocabulary instruction for two teachers from each school district in the region.

Even Start – Creates a comprehensive network of resources, agencies, and individuals linked together by Even Start to provide a system to meet the educational, social, emotional, physical, and financial needs of at-risk families.

Title I - Reading First – Provides Reading First academics and follow up sessions for Reading First academics to area schools. Monies are also allotted to provide grant writing workshops to those districts eligible to be “Reading First Schools” due to not meeting No Child Left Behind guidelines.

Regional System of Support Provider (RESPRO) – Provides comprehensive programs, interventions, and services to school districts that have not made adequate yearly progress according to No Child Left Behind (NCLB) guidelines. This grant is federally funded through NCLB.

It's Real Grant – Provides professional staff development to infuse technology into the curriculum using the Inquiry Based Learning Process, with the objective of demonstrating improvement in student test scores.

Math - Contract State – Designed to provide workshops to introduce teachers to Illinois Math Performance Descriptors.

Mathematics and Science Partnerships – Provides in-service training for math and science teachers of grades four through twelve. The content focus relates the math and science content to the current Illinois Learning Standards.

Reading Improvement Block – Provides ongoing training for teachers through scientifically based research combined with best practices. The purpose is to improve reading instruction and achievement of children in grades kindergarten through sixth.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Standards Aligned Classroom – Creates and supports ongoing learning teams focused on alignment of classroom level assessment and instruction.

The Regional Office of Education #40 reports the following nonmajor governmental 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:

Film Coop – Maintains and provides educational videos to member school districts in return for an assessment based on district enrollment.

General Education Development – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred.

Seventh Judicial Family Violence – Provides instruction for violence in the school districts.

Bus Driver – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

Institute – Accounts for the stewardship of the assets held in trust for the benefit of teachers. The money is used to provide institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Leaders in Technology Enhanced Schools Fund – Accounts for funds received for elementary schools for staff development, hardware, software, and regional office support and training. Computers and technology are used as learning tools for students, and support and training for teachers.

Olympiad Fund – Accounts for a four-day event involving gifted students using activities designed directly applicable to the State Learning Standards. These activities are intended to challenge students to exercise higher level intellectual skills and talents.

Alternative Schools – Accounts for funds received to educate, serve, and support students at no cost to the students in an effort to improve the quality of life of high school dropouts. The funds are used to provide basic skills, obtain high school credit, or prepare for the GED test.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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)

Trustee – Deals with the issue of detachments and annexation of territory from one school district to another.

Supervisory – Proceeds provided by the Illinois State Board of Education to the Regional Superintendent for travel and related purposes.

The Regional Office of Education #40 reports the following nonmajor proprietary funds:

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 are:

Early Childhood Math – Accounts for staff development for teachers of PreK-2 in the Best Practices of math instruction in the classroom. This is aligned with the Illinois Learning Standards.

Administrators' Academy – Accounts for the process by which local school administrators meet the legislated requirement for training and by which administrators may improve their skills in instructional and administrative leadership.

Math and Science Workshop – This fund was established to hold Math & Science Workshops for all teachers in Calhoun-Greene-Jersey-Macoupin Counties. Each teacher is asked to pay a workshop fee to help defray the cost of the workshop (speaker, supplies, etc.).

Additionally, the Regional Office of Education #40 reports the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the Regional Office of Education #40 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 – Accounts for monies received from the State through the Illinois Funds for disbursement to other governments or funds.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Agency Funds (Continued)

Central Illinois Rural Region Career & Technical Education System – Accounts for the assets held in trust for the benefit of the Central Illinois Rural Region Career & Technical Education System.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both 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 government 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 principal operating revenues of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 #40 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 #40 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 #40 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.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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."

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> |
|-------------------------|--------------|
| Equipment and furniture | 3-10 |
| Building improvements | 10-15 |

In the fund financial statements, capital 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. These vacation days must be taken within a reasonable amount of time or are lost. Employees hired for less than a twelve month position do not accumulate paid vacation time.

Employees receive one sick day for each month of employment and the unused portion is accumulated and carried forward. Upon termination, employees do not receive any sick leave pay. Thus, employee sick leave is recorded when paid.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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 #40 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 an 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 #40’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.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. 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 \$14,875 difference are as follows:

| | |
|--|--------------------|
| Capital outlay | \$ 699 |
| Depreciation expense | <u>(15,574)</u> |
| Net adjustment to decrease net changes in fund balances - governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (14,875)</u> |

3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #40 did not adopt annual budgets, nor are they legally required to, for all funds under its control, and 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, Truants Alternative/Optional Education, Title II - Teacher Quality, Title IV – Safe and Drug Free Schools, Title V - Innovative Programs, Regional Safe Schools, Adult Education - Performance, Adult Education - State Basic, Adult Education - Public Assistance, Adult Education - Federal Basic, Even Start, and Mathematics and Science Partnerships.

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.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

5. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

Interest on Distributive Fund receipts is distributed to funds in proportion to their share of average cash balance.

6. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2006, the carrying amounts of the Regional Office of Education #40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$402,492, \$15,742 and \$5,665, respectively. The bank balances for the governmental and business-type activities totaled \$464,763, while the bank balances for the fiduciary funds totaled \$7,120. Of the total bank balance for the governmental and business-type activities as of June 30, 2006, \$238,668 was secured by federal depository insurance and \$226,095 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #40's name. Of the total bank balance for the fiduciary funds as of June 30, 2006, \$7,120 was secured by federal depository insurance.

B. Investments

The Regional Office of Education #40 does not have a formal investment policy. Its only investments are in the Illinois Funds Money Market Fund. At June 30, 2006, the Regional Office of Education #40 had investments with carrying and fair values of \$391 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.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

6. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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.

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> |
|---|------------------------------|-------------------|------------------|---------------------------|
| Capital assets being depreciated: | | | | |
| Building improvements | \$ 17,130 | \$ - | \$ - | \$ 17,130 |
| Equipment and furniture | 194,727 | 699 | (1,375) | 194,051 |
| Total capital assets being depreciated | <u>211,857</u> | <u>699</u> | <u>(1,375)</u> | <u>211,181</u> |
| Less accumulated depreciation for: | | | | |
| Building improvements | (4,978) | (1,244) | - | (6,222) |
| Equipment and furniture | (155,444) | (14,330) | 1,375 | (168,399) |
| Total accumulated depreciation | <u>(160,422)</u> | <u>(15,574)</u> | <u>1,375</u> | <u>(174,621)</u> |
| Governmental activities capital assets, net | <u>\$ 51,435</u> | <u>\$(14,875)</u> | <u>\$ -</u> | <u>\$ 36,560</u> |

Depreciation expense was charged to functions/programs of Regional Office of Education #40 as follows:

| | |
|--------------------------|------------------|
| Governmental activities: | |
| Instructional services: | |
| Depreciation | <u>\$ 15,574</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #40 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 for the year ended 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.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #40's TRS-covered employees.

On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #40. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office of Education #40 recognized revenue and expenditures of \$24,910 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 (\$50,136) and 13.98 percent (\$54,799), respectively.

The Regional Office of Education #40 makes other types of employer contributions directly to TRS.

2.2 Formula Contributions - Employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$2,046. Contributions for the years ended June 30, 2005, and June 30, 2004 were \$2,473 and \$2,273.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #40, there is a statutory requirement for the Regional Office of Education #40 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 at the state 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 \$73,963 were paid from federal and trust funds that required employer contributions of \$5,222. For the years ended June 30, 2005 and June 30, 2004, required employer contributions were \$10,948 and \$5,861, respectively.

Early Retirement Option - The Regional Office of Education #40 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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

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

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

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

For the three years ended June 30, 2006, the Regional Office of Education #40 paid no employer contributions under the Early Retirement Option.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

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.

B. Illinois Municipal Retirement Fund

The Regional Office of Education #40'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 #40 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 9.23 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 1 year.

For December 31, 2005, the Regional Office of Education #40's annual pension cost of \$26,149 was equal to the Regional Office of Education #40'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) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% 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.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Trend Information

| <u>Actuarial Valuation Date</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---|--------------------------------------|--|-----------------------------------|
| 12/31/2005 | \$ 26,149 | 100% | \$ - |
| 12/31/2004 | 2,692 | 100% | - |
| 12/31/2003 | 19,934 | 100% | - |
| 12/31/2002 | 23,026 | 100% | - |
| 12/31/2001 | 28,315 | 100% | - |
| 12/31/2000 | 21,890 | 100% | - |
| 12/31/1999 | 16,841 | 100% | - |
| 12/31/1998 | 18,507 | 100% | - |
| 12/31/1997 | 15,694 | 100% | - |
| 12/31/1996 | 9,003 | 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.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES AND PAYABLES

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

| <u>Due To (Receivable)</u> | <u>Due From (Payable)</u> | <u>Balance at June 30, 2006</u> |
|----------------------------|-------------------------------------|-------------------------------------|
| General Fund: | Education Fund: | |
| Direct Services | Regional System of Support Provider | \$ 9,562 |
| Direct Services | Title II Coop | 6,482 |
| | | 16,044 |
| Education Fund: | Nonmajor Governmental Fund: | |
| Regional Safe Schools | Film Coop | 18 |
| | | \$ 16,062 |

The interfund balances between the General Fund and the Education Fund are within the same pooled cash account. The amounts are cash balances borrowed from the General Fund by the Education Fund. The interfund balance between the Education Fund and the Nonmajor Governmental Fund is to transfer the remaining balance to close the Nonmajor Governmental Fund.

10. BOND

The 105 ILCS 5/3-2 directs the Regional Office of Education #40 to execute a bond of not less than \$100,000 on the regional superintendent. The Regional Office of Education #40 has secured and maintained such a bond with coverage of \$100,000 on the regional superintendent.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

11. ON-BEHALF PAYMENTS

The Regional Office of Education #40 has received on-behalf payments for employee salaries and benefits from the following governmental entities:

| | |
|---|-------------------|
| Macoupin County: | |
| Office salaries and benefits | \$ 62,742 |
| Supplies and materials | 256 |
| Purchased services | <u>25,877</u> |
| Macoupin County total | <u>88,875</u> |
| State of Illinois: | |
| Regional Superintendent - salary | 84,737 |
| Regional Superintendent - benefits (includes State paid insurance) | 15,526 |
| Assistant Regional Superintendent - salary | 76,263 |
| Assistant Regional Superintendent - benefits (includes State paid insurance) | 13,482 |
| TRS pension contributions | <u>24,910</u> |
| State of Illinois total | <u>214,918</u> |
| | <u>\$ 303,793</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.

12. RISK MANAGEMENT – CLAIMS AND JUDGMENTS

The Regional Office of Education #40 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 #40 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years; however, a lawsuit regarding the Family Medical Leave Act, which was denied coverage from the insurance company, was settled for \$10,000 during the year ended June 30, 2006.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

13. CONTINGENCIES

The Regional Office of Education #40 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 #40 believes that any adjustments that may arise will be insignificant to Regional Office of Education #40 operations.

14. OPERATING LEASES

During the fiscal year ended June 30, 2004, the Regional Office of Education #40 entered into a lease agreement for the building located at Carlinville Plaza, Route 4, Space #9, Carlinville, Illinois. This lease calls for monthly payments of \$1,815 from July 1, 2003 to June 30, 2008.

For financial accounting purposes, this lease is considered an operating lease.

Future minimum payments are as follows:

| <u>Year ending June 30</u> | <u>Amount</u> |
|--------------------------------|------------------|
| 2007 | \$ 21,774 |
| 2008 | <u>21,774</u> |
| | <u>\$ 43,548</u> |

15. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #40's 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 | |
| Education Fund: | |
| St. Clair County ROE | <u>\$ 8,474</u> |
| Total | <u>\$ 8,474</u> |
| Due To Other Governments | |
| Education Fund: | |
| Illinois State Board of Education | \$ 81 |
| Nonmajor Governmental Fund: | |
| Various school districts | 1,786 |
| Fiduciary Fund: | |
| Central Illinois Rural Region Career & Technical Education System | <u>5,665</u> |
| Total | <u>\$ 7,532</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

16. SCHEDULE OF TRANSFERS

| Transfers From Other Funds (Transfers In) | Transfers To Other Funds (Transfers Out) |
|--|---|
| General Fund: | Education Fund: |
| Administrative Fund \$ 30 | Title II - Teacher Quality \$ 30 |
| Administrative Fund 14 | Title IV - Community Service 14 |
| Administrative Fund 10 | K-6 Reading 10 |
| Administrative Fund 2 | Math - Contract State 2 |
| Administrative Fund 1 | Reading Improvement Block 1 |
| Education Fund: | Nonmajor Governmental Fund: |
| Regional Safe Schools 50 | Film Coop 50 |
| Nonmajor Proprietary Fund: | Education Fund: |
| Math & Science Workshop 1,477 | Title II Coop 1,477 |
| Early Childhood Math 1 | Title I Reading First 1 |
| <u>\$ 1,585</u> | <u>\$ 1,585</u> |

Transfers from the Education Fund Accounts to the General Fund Accounts were to close out the Education Fund Accounts. The transfer from the Nonmajor Governmental Fund to the Education Fund was to close the Nonmajor Governmental Fund. The transfers from the Education Fund Accounts to the Nonmajor Proprietary Funds were to close one Education Fund and close a portion of another Education Fund.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

NOTES TO FINANCIAL STATEMENTS

17. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of June 30, 2006:

| | |
|-------------------------------------|----------|
| Administrative Fund | \$ 9,884 |
| Plaza Repair/Maintenance | \$ 255 |
| Title II Coop | \$ 6,849 |
| Adult Education - Performance | \$ 1 |
| Adult Education - Public Assistance | \$ 1,857 |
| Adult Education - Federal Basic | \$ 1,653 |
| Regional System of Support Provider | \$ 1,564 |

The Education Fund also had a deficit balance of \$209 as of June 30, 2006.

The Regional Office of Education #40 intends to reduce these deficits by reducing expenditures in future periods.

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 12/31/2005 | \$ 363,802 | \$ 384,614 | \$ 20,812 | 94.59% | \$283,302 | 7.35% |
| 12/31/2004 | 317,713 | 322,983 | 5,270 | 98.37% | 266,536 | 1.98% |
| 12/31/2003 | 344,318 | 325,480 | (18,838) | 105.79% | 297,517 | 0.00% |
| 12/31/2002 | 363,580 | 306,886 | (56,694) | 118.47% | 334,677 | 0.00% |
| 12/31/2001 | 291,099 | 265,229 | (25,870) | 109.75% | 347,001 | 0.00% |
| 12/31/2000 | 257,387 | 241,048 | (16,339) | 106.78% | 230,904 | 0.00% |
| 12/31/1999 | 197,974 | 199,259 | 1,285 | 99.36% | 174,167 | 0.74% |
| 12/31/1998 | 144,909 | 156,778 | 11,869 | 92.43% | 172,482 | 6.88% |
| 12/31/1997 | 127,049 | 140,208 | 13,159 | 90.61% | 134,216 | 9.80% |
| 12/31/1996 | 89,662 | 107,723 | 18,061 | 83.23% | 102,540 | 17.61% |

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$369,500. On a market basis, the funded ratio would be 96.07%.

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2006**

| | Administrative Fund | Testing Center | Jerseyville Office Account |
|-----------------------------|------------------------|-------------------|----------------------------------|
| ASSETS | | | |
| Cash | \$ - | \$ 20,795 | \$ 38,247 |
| Accounts receivable | 1,070 | - | - |
| Investments | - | - | - |
| Due from other funds | - | 255 | - |
| | <u>\$ 1,070</u> | <u>\$ 21,050</u> | <u>\$ 38,247</u> |
| LIABILITIES | | | |
| Payroll liabilities payable | \$ 673 | \$ - | \$ 367 |
| Due to other funds | 10,281 | - | - |
| | <u>10,954</u> | <u>-</u> | <u>367</u> |
| FUND BALANCES | | | |
| Unreserved | (9,884) | 21,050 | 37,880 |
| | <u>\$ 1,070</u> | <u>\$ 21,050</u> | <u>\$ 38,247</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | <u>ROE/ISC Operations</u> | <u>Direct Services</u> | <u>Regional Initiative Fund</u> |
|-------------------------------------|-------------------------------|----------------------------|---|
| ASSETS | | | |
| Cash | \$ 10,716 | \$ 24,678 | \$ 54,834 |
| Accounts receivable | - | - | - |
| Investments | 27 | - | - |
| Due from other funds | - | 26,325 | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 10,743</u> | <u>\$ 51,003</u> | <u>\$ 54,834</u> |
| LIABILITIES | | | |
| Payroll liabilities payable | \$ 156 | \$ - | \$ - |
| Due to other funds | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>156</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Unreserved | <u>10,587</u> | <u>51,003</u> | <u>54,834</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances | <u>\$ 10,743</u> | <u>\$ 51,003</u> | <u>\$ 54,834</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Plaza Repair/ Maintenance | Eliminations | Totals |
|-------------------------------------|---------------------------------|--------------------|-------------------|
| ASSETS | | | |
| Cash | \$ - | \$ - | \$ 149,270 |
| Accounts receivable | - | - | 1,070 |
| Investments | - | - | 27 |
| Due from other funds | - | (10,536) | 16,044 |
| | <u>-</u> | <u>(10,536)</u> | <u>16,044</u> |
| Total assets | <u>\$ -</u> | <u>\$ (10,536)</u> | <u>\$ 166,411</u> |
| LIABILITIES | | | |
| Payroll liabilities payable | \$ - | \$ - | \$ 1,196 |
| Due to other funds | 255 | (10,536) | - |
| | <u>255</u> | <u>(10,536)</u> | <u>-</u> |
| Total liabilities | <u>255</u> | <u>(10,536)</u> | <u>1,196</u> |
| FUND BALANCES | | | |
| Unreserved | <u>(255)</u> | <u>-</u> | <u>165,215</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ (10,536)</u> | <u>\$ 166,411</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Administrative Fund | Testing Center | Jerseyville Office Account |
|--|------------------------|-------------------|----------------------------------|
| Revenues: | | | |
| Local sources | \$ 50,464 | \$ 31,414 | \$ 71,018 |
| State sources | - | - | - |
| On-behalf payments | 303,793 | - | - |
| Interest | 1,005 | 105 | - |
| Total revenues | <u>355,262</u> | <u>31,519</u> | <u>71,018</u> |
| Expenditures: | | | |
| Salaries and benefits | 23,258 | - | 64,544 |
| Purchased services | 27,877 | 15,198 | 6,026 |
| Supplies and materials | 6,909 | 13,911 | 4,322 |
| On-behalf payments | 303,793 | - | - |
| Total expenditures | <u>361,837</u> | <u>29,109</u> | <u>74,892</u> |
| Excess (deficiency) of revenues over (under) expenditures | (6,575) | 2,410 | (3,874) |
| Other financing sources: | | | |
| Transfers in | 57 | - | - |
| Net change in fund balances | (6,518) | 2,410 | (3,874) |
| Fund balances (deficits), beginning of year | <u>(3,366)</u> | <u>18,640</u> | <u>41,754</u> |
| Fund balances (deficits), end of year | <u>\$ (9,884)</u> | <u>\$ 21,050</u> | <u>\$ 37,880</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)**

GENERAL FUND ACCOUNTS

For the year ended June 30, 2006

| | ROE/ISC Operations | Direct Services | Regional Initiative Fund |
|--|-----------------------|--------------------|--------------------------------|
| Revenues: | | | |
| Local sources | \$ - | \$ 21,028 | \$ 418 |
| State sources | 65,890 | - | - |
| On-behalf payments | - | - | - |
| Interest | 157 | - | - |
| Total revenues | <u>66,047</u> | <u>21,028</u> | <u>418</u> |
| Expenditures: | | | |
| Salaries and benefits | 55,890 | 1,536 | - |
| Purchased services | 9,000 | 17,010 | 1,275 |
| Supplies and materials | 1,157 | - | 344 |
| On-behalf payments | - | - | - |
| Total expenditures | <u>66,047</u> | <u>18,546</u> | <u>1,619</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | 2,482 | (1,201) |
| Other financing sources: | | | |
| Transfers in | - | - | - |
| Net change in fund balances | - | 2,482 | (1,201) |
| Fund balances (deficits), beginning of year | <u>10,587</u> | <u>48,521</u> | <u>56,035</u> |
| Fund balances (deficits), end of year | <u>\$ 10,587</u> | <u>\$ 51,003</u> | <u>\$ 54,834</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)**

**GENERAL FUND ACCOUNTS
For the year ended June 30, 2006**

| | <u>Plaza Repair/ Maintenance</u> | <u>Totals</u> |
|--|--|---------------|
| Revenues: | | |
| Local sources | \$ - | \$ 174,342 |
| State sources | - | 65,890 |
| On-behalf payments | - | 303,793 |
| Interest | - | 1,267 |
| | <hr/> | <hr/> |
| Total revenues | - | 545,292 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Salaries and benefits | - | 145,228 |
| Purchased services | - | 76,386 |
| Supplies and materials | - | 26,643 |
| On-behalf payments | - | 303,793 |
| | <hr/> | <hr/> |
| Total expenditures | - | 552,050 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over (under) expenditures | - | (6,758) |
| Other financing sources: | | |
| Transfers in | - | 57 |
| | <hr/> | <hr/> |
| Net change in fund balances | - | (6,701) |
| | <hr/> | <hr/> |
| Fund balances (deficits), beginning of year | (255) | 171,916 |
| | <hr/> | <hr/> |
| Fund balances (deficits), end of year | \$ (255) | \$ 165,215 |
| | <hr/> <hr/> | <hr/> <hr/> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 | \$ 65,890 | \$ 65,890 | \$ 65,890 | \$ - |
| Interest | - | - | 157 | 157 |
| Total revenues | <u>65,890</u> | <u>65,890</u> | <u>66,047</u> | <u>157</u> |
| Expenditures: | | | | |
| Salaries and benefits | 55,890 | 55,890 | 55,890 | - |
| Purchased services | 9,000 | 9,000 | 9,000 | - |
| Supplies and materials | 1,000 | 1,000 | 1,157 | (157) |
| Total expenditures | <u>65,890</u> | <u>65,890</u> | <u>66,047</u> | <u>(157)</u> |
| Excess of revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund balance, beginning of year | | | <u>10,587</u> | |
| Fund balance, end of year | | | <u>\$ 10,587</u> | |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2006

| | Truants Alternative/ Optional Education | Mini Grants | Regional Safe Schools | Title II - Coop |
|--|--|-------------|-----------------------------|-----------------|
| ASSETS | | | | |
| Cash | \$ 5,280 | \$ - | \$ 31,397 | \$ - |
| Accounts receivable | - | - | - | 911 |
| Investments | 49 | - | 93 | - |
| Due from other funds | - | - | 18 | - |
| Due from other governments | - | - | - | - |
| Total assets | \$ 5,329 | \$ - | \$ 31,508 | \$ 911 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll liabilities payable | 5,282 | - | 16,454 | 1,278 |
| Claims payable | - | - | 4,376 | - |
| Due to other funds | - | - | - | 6,482 |
| Due to other governments | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total liabilities | 5,282 | - | 20,830 | 7,760 |
| FUND BALANCES | | | | |
| Unreserved | 47 | - | 10,678 | (6,849) |
| Total liabilities and fund balances | \$ 5,329 | \$ - | \$ 31,508 | \$ 911 |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

| | Title II - Teacher Quality | Title IV - Community Service | Adult Education - Performance | Adult Education - State Basic |
|--|----------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| ASSETS | | | | |
| Cash | \$ - | \$ - | \$ 2,942 | \$ 4,161 |
| Accounts receivable | - | - | - | - |
| Investments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total assets | \$ - | \$ - | \$ 2,942 | \$ 4,161 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll liabilities payable | - | - | 2,943 | 4,160 |
| Claims payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Due to other governments | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total liabilities | - | - | 2,943 | 4,160 |
| FUND BALANCES | | | | |
| Unreserved | - | - | (1) | 1 |
| Total liabilities and fund balances | \$ - | \$ - | \$ 2,942 | \$ 4,161 |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

| | Adult Education - Public Assistance | National School Lunch | Adult Education - Federal Basic | K-6 Reading |
|--|--|-----------------------------|--|----------------|
| ASSETS | | | | |
| Cash | \$ 989 | \$ 719 | \$ 2,872 | \$ - |
| Accounts receivable | - | - | - | - |
| Investments | - | 2 | - | - |
| Due from other funds | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total assets | \$ 989 | \$ 721 | \$ 2,872 | \$ - |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll liabilities payable | 2,846 | - | 4,525 | - |
| Claims payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Due to other governments | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total liabilities | 2,846 | - | 4,525 | - |
| FUND BALANCES | | | | |
| Unreserved | (1,857) | 721 | (1,653) | - |
| Total liabilities and fund balances | \$ 989 | \$ 721 | \$ 2,872 | \$ - |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

| | Even Start | Title I - Reading First | Regional System of Support Provider |
|-------------------------------------|------------|----------------------------|--|
| ASSETS | | | |
| Cash | \$ 10,875 | \$ - | \$ - |
| Accounts receivable | - | - | - |
| Investments | 42 | - | - |
| Due from other funds | - | - | - |
| Due from other governments | - | - | 8,474 |
| | - | - | 8,474 |
| Total assets | \$ 10,917 | \$ - | \$ 8,474 |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Payroll liabilities payable | 4,917 | - | 476 |
| Claims payable | - | - | - |
| Due to other funds | - | - | 9,562 |
| Due to other governments | - | - | - |
| Deferred revenue | 5,937 | - | - |
| | 10,854 | - | 10,038 |
| Total liabilities | 10,854 | - | 10,038 |
| FUND BALANCES | | | |
| Unreserved | 63 | - | (1,564) |
| Total liabilities and fund balances | \$ 10,917 | \$ - | \$ 8,474 |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

| | It's Real Grant | Math - Contract State | Mathematics and Science Partnerships |
|-------------------------------------|--------------------|--------------------------|--|
| ASSETS | | | |
| Cash | \$ - | \$ - | \$ 85,375 |
| Accounts receivable | - | - | - |
| Investments | - | - | 49 |
| Due from other funds | - | - | - |
| Due from other governments | - | - | - |
| | - | - | - |
| Total assets | \$ - | \$ - | 85,424 |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ 1,629 |
| Payroll liabilities payable | - | - | - |
| Claims payable | - | - | - |
| Due to other funds | - | - | - |
| Due to other governments | - | - | 81 |
| Deferred revenue | - | - | 83,538 |
| | - | - | 83,538 |
| Total liabilities | - | - | 85,248 |
| FUND BALANCES | | | |
| Unreserved | - | - | 176 |
| Total liabilities and fund balances | \$ - | \$ - | \$ 85,424 |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

| | Reading Improvement Block | Standards Aligned Classroom | Totals |
|-------------------------------------|---------------------------------|-----------------------------------|------------|
| ASSETS | | | |
| Cash | \$ - | \$ 614 | \$ 145,224 |
| Accounts receivable | - | - | 911 |
| Investments | - | - | 235 |
| Due from other funds | - | - | 18 |
| Due from other governments | - | - | 8,474 |
| | - | - | 8,474 |
| Total assets | \$ - | \$ 614 | \$ 154,862 |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ 1,629 |
| Payroll liabilities payable | - | - | 42,881 |
| Claims payable | - | - | 4,376 |
| Due to other funds | - | - | 16,044 |
| Due to other governments | - | - | 81 |
| Deferred revenue | - | 585 | 90,060 |
| | - | 585 | 90,060 |
| Total liabilities | - | 585 | 155,071 |
| FUND BALANCES | | | |
| Unreserved | - | 29 | (209) |
| Total liabilities and fund balances | \$ - | \$ 614 | \$ 154,862 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Truants Alternative/ Optional Education | Mini Grants | Regional Safe Schools | Title II - Coop |
|--|--|-------------|--------------------------|-------------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ - | \$ 2,437 | \$ 18,244 |
| State sources | 108,751 | - | 274,350 | - |
| Federal sources | - | 694 | - | - |
| Interest | 90 | - | 279 | 25 |
| Total revenues | 108,841 | 694 | 277,066 | 18,269 |
| Expenditures: | | | | |
| Salaries and benefits | 96,978 | - | 203,338 | 10,195 |
| Purchased services | 10,363 | 694 | 40,462 | 14,029 |
| Supplies and materials | 1,500 | - | 17,650 | 1,349 |
| Capital outlay | - | - | - | - |
| Payments to other governments | - | - | 5,487 | - |
| Other objects | - | - | - | - |
| Total expenditures | 108,841 | 694 | 266,937 | 25,573 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 10,129 | (7,304) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 50 | - |
| Transfers out | - | - | - | (1,477) |
| Total other financing sources (uses) | - | - | 50 | (1,477) |
| Net change in fund balances | - | - | 10,179 | (8,781) |
| Fund balances (deficits), beginning of year | 47 | - | 499 | 1,932 |
| Fund balances (deficits), end of year | \$ 47 | \$ - | \$ 10,678 | \$ (6,849) |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2006

| | Title II - Teacher Quality | Title IV - Community Service | Adult Education - Performance | Adult Education - State Basic |
|--|----------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | 42,842 | 40,754 |
| Federal sources | - | - | - | - |
| Interest | - | - | 64 | 33 |
| Total revenues | - | - | 42,906 | 40,787 |
| Expenditures: | | | | |
| Salaries and benefits | - | - | 35,236 | 37,857 |
| Purchased services | - | - | 5,011 | 884 |
| Supplies and materials | - | - | 1,802 | 1,230 |
| Capital outlay | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Other objects | - | - | 857 | 815 |
| Total expenditures | - | - | 42,906 | 40,786 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | 1 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (30) | (14) | - | - |
| Total other financing sources (uses) | (30) | (14) | - | - |
| Net change in fund balances | (30) | (14) | - | 1 |
| Fund balances (deficits), beginning of year | 30 | 14 | (1) | - |
| Fund balances (deficits), end of year | \$ - | \$ - | \$ (1) | \$ 1 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Adult Education - Public Assistance | National School Lunch | Adult Education - Federal Basic | K-6 Reading |
|--|--|--------------------------|--|-------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ 1,413 | \$ - | \$ - |
| State sources | 43,700 | 162 | - | - |
| Federal sources | - | 3,312 | 42,521 | - |
| Interest | 11 | 6 | 16 | - |
| Total revenues | 43,711 | 4,893 | 42,537 | - |
| Expenditures: | | | | |
| Salaries and benefits | 32,545 | - | 40,339 | - |
| Purchased services | 6,133 | 4,537 | 1,152 | - |
| Supplies and materials | 4,159 | - | 1,030 | - |
| Capital outlay | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Other objects | 874 | - | - | - |
| Total expenditures | 43,711 | 4,537 | 42,521 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | 356 | 16 | - |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | (10) |
| Total other financing sources (uses) | - | - | - | (10) |
| Net change in fund balances | - | 356 | 16 | (10) |
| Fund balances (deficits), beginning of year | (1,857) | 365 | (1,669) | 10 |
| Fund balances (deficits), end of year | <u>\$ (1,857)</u> | <u>\$ 721</u> | <u>\$ (1,653)</u> | <u>\$ -</u> |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

| | Even Start | Title I - Reading First | Regional System of Support Provider |
|--|----------------|----------------------------|--|
| Revenues: | | | |
| Local sources | \$ - | \$ - | \$ - |
| State sources | - | - | 19,584 |
| Federal sources | 85,589 | - | 22,324 |
| Interest | 61 | 10 | - |
| Total revenues | <u>85,650</u> | <u>10</u> | <u>41,908</u> |
| Expenditures: | | | |
| Salaries and benefits | 43,200 | - | 41,269 |
| Purchased services | 35,156 | 1,015 | 885 |
| Supplies and materials | 9,557 | - | 281 |
| Capital outlay | - | - | - |
| Payments to other governments | - | - | - |
| Other objects | - | - | - |
| Total expenditures | <u>87,913</u> | <u>1,015</u> | <u>42,435</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,263)</u> | <u>(1,005)</u> | <u>(527)</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | - | - |
| Transfers out | - | (1) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(1)</u> | <u>-</u> |
| Net change in fund balances | (2,263) | (1,006) | (527) |
| Fund balances (deficits), beginning of year | <u>2,326</u> | <u>1,006</u> | <u>(1,037)</u> |
| Fund balances (deficits), end of year | <u>\$ 63</u> | <u>\$ -</u> | <u>\$ (1,564)</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | It's Real Grant | Math - Contract State | Mathematics and Science Partnerships |
|--|--------------------|--------------------------|--|
| Revenues: | | | |
| Local sources | \$ - | \$ - | \$ - |
| State sources | 1,100 | - | - |
| Federal sources | 29,494 | - | 151,927 |
| Interest | 79 | - | 248 |
| | 30,673 | - | 152,175 |
| Expenditures: | | | |
| Salaries and benefits | 23,352 | - | 18,441 |
| Purchased services | 4,947 | - | 98,322 |
| Supplies and materials | 2,379 | - | 35,188 |
| Capital outlay | 699 | - | - |
| Payments to other governments | - | - | 81 |
| Other objects | - | - | - |
| | 31,377 | - | 152,032 |
| Excess (deficiency) of revenues over (under) expenditures | (704) | - | 143 |
| Other financing sources (uses): | | | |
| Transfers in | - | - | - |
| Transfers out | - | (2) | - |
| | - | (2) | - |
| Total other financing sources (uses) | - | (2) | - |
| Net change in fund balances | (704) | (2) | 143 |
| Fund balances (deficits), beginning of year | 704 | 2 | 33 |
| Fund balances (deficits), end of year | \$ - | \$ - | \$ 176 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Reading Improvement Block | Standards Aligned Classroom | Totals |
|--|---------------------------------|-----------------------------------|-----------------|
| Revenues: | | | |
| Local sources | \$ - | \$ - | \$ 22,094 |
| State sources | - | - | 531,243 |
| Federal sources | - | 6,414 | 342,275 |
| Interest | - | 10 | 932 |
| Total revenues | - | 6,424 | 896,544 |
| Expenditures: | | | |
| Salaries and benefits | - | 4,608 | 587,358 |
| Purchased services | - | - | 223,590 |
| Supplies and materials | - | 1,806 | 77,931 |
| Capital outlay | - | - | 699 |
| Payments to other governments | - | - | 5,568 |
| Other objects | - | - | 2,546 |
| Total expenditures | - | 6,414 | 897,692 |
| Excess (deficiency) of revenues over (under) expenditures | - | 10 | (1,148) |
| Other financing sources (uses): | | | |
| Transfers in | - | - | 50 |
| Transfers out | (1) | - | (1,535) |
| Total other financing sources (uses) | (1) | - | (1,485) |
| Net change in fund balances | (1) | 10 | (2,633) |
| Fund balances (deficits), beginning of year | 1 | 19 | 2,424 |
| Fund balances (deficits), end of year | \$ - | \$ 29 | \$ (209) |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Budgeted Amounts | | Actual | Variance |
|--------------------------------------|------------------|------------|------------|----------------------|
| | Original | Final | Amounts | with Final Budget |
| Revenues: | | | | |
| State sources | \$ 115,693 | \$ 108,751 | \$ 108,751 | \$ - |
| Interest | - | - | 90 | 90 |
| Total revenue | 115,693 | 108,751 | 108,841 | 90 |
| Expenditures: | | | | |
| Salaries and benefits | 103,585 | 96,608 | 96,978 | (370) |
| Purchased services | 10,808 | 10,643 | 10,363 | 280 |
| Supplies and materials | 1,300 | 1,500 | 1,500 | - |
| Total expenditures | 115,693 | 108,751 | 108,841 | (90) |
| Excess of revenues over expenditures | \$ - | \$ - | - | \$ - |
| Fund balance, beginning of year | | | 47 | |
| Fund balance, end of year | | | \$ 47 | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|-------------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal sources | \$ 465 | \$ 465 | \$ 465 | \$ - |
| Expenditures: | | | | |
| Purchased services | 465 | 465 | 465 | - |
| Excess of revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund balance, beginning of year | | | - | |
| Fund balance, end of year | | | <u>\$ -</u> | |

NOTE: Included within Mini Grants Fund in the Education Fund.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE IV - SAFE AND DRUG FREE SCHOOLS - PROJECT #06-4400-00
For the year ended June 30, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|-------------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal sources | \$ 113 | \$ 113 | \$ 113 | \$ - |
| Expenditures: | | | | |
| Purchased services | 113 | 113 | 113 | - |
| Excess of revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund balance, beginning of year | | | - | |
| Fund balance, end of year | | | <u>\$ -</u> | |

NOTE: Included within the Mini Grants Fund in the Education Fund.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 | \$ 116 | \$ 116 | \$ 116 | \$ - |
| Expenditures: | | | | |
| Purchased services | 116 | 116 | 116 | - |
| Excess of revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund balance, beginning of year | | | - | |
| Fund balance, end of year | | | <u>\$ -</u> | |

NOTE: Included within the Mini Grants Fund in the Education Fund.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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: | | | | |
| Local sources | \$ - | \$ - | \$ 2,437 | \$ 2,437 |
| State sources | 153,461 | 153,461 | 274,350 | 120,889 |
| Interest | - | - | 279 | 279 |
| | | | | |
| Total revenues | 153,461 | 153,461 | 277,066 | 123,605 |
| | | | | |
| Expenditures: | | | | |
| Salaries and benefits | 114,805 | 114,805 | 203,338 | (88,533) |
| Purchased services | 25,499 | 25,499 | 40,462 | (14,963) |
| Supplies and materials | 10,088 | 10,088 | 17,650 | (7,562) |
| Payments to other governments | 3,069 | 3,069 | 5,487 | (2,418) |
| | | | | |
| Total expenditures | 153,461 | 153,461 | 266,937 | (113,476) |
| | | | | |
| Excess of revenues over expenditures | \$ - | \$ - | 10,129 | \$ 10,129 |
| | | | | |
| Other financing sources: | | | | |
| Transfers in | | | 50 | |
| | | | | |
| Net change in fund balance | | | 10,179 | |
| | | | | |
| Fund balance, beginning of year | | | 499 | |
| | | | | |
| Fund balance, end of year | | | \$ 10,678 | |

Note: Actual column also includes Regional Safe Schools State Aid revenue (project #06-3001-93) of \$120,889.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - PERFORMANCE - PROJECT #536 AB
For the year ended June 30, 2006**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-----------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| State sources | \$ 42,842 | \$ 42,842 | \$ 42,842 | \$ - |
| Interest | - | - | 64 | 64 |
| Total revenues | 42,842 | 42,842 | 42,906 | 64 |
| Expenditures: | | | | |
| Salaries and benefits | 36,073 | 36,073 | 35,236 | 837 |
| Purchased services | 4,850 | 4,850 | 5,011 | (161) |
| Supplies and materials | 1,062 | 1,062 | 1,802 | (740) |
| Other objects | 857 | 857 | 857 | - |
| Total expenditures | 42,842 | 42,842 | 42,906 | (64) |
| Excess of revenues over expenditures | \$ - | \$ - | - | \$ - |
| Fund balance (deficit), beginning of year | | | (1) | |
| Fund balance (deficit), end of year | | | \$ (1) | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC - PROJECT #536 AB
For the year ended June 30, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--------------------------------------|------------------|-----------|-----------|----------------------|
| | Original | Final | Amounts | with Final Budget |
| Revenues: | | | | |
| State sources | \$ 40,754 | \$ 40,754 | \$ 40,754 | \$ - |
| Interest | - | - | 33 | 33 |
| Total revenues | 40,754 | 40,754 | 40,787 | 33 |
| Expenditures: | | | | |
| Salaries and benefits | 37,857 | 37,857 | 37,857 | - |
| Purchased services | 884 | 884 | 884 | - |
| Supplies and materials | 1,198 | 1,198 | 1,230 | (32) |
| Other objects | 815 | 815 | 815 | - |
| Total expenditures | 40,754 | 40,754 | 40,786 | (32) |
| Excess of revenues over expenditures | \$ - | \$ - | 1 | \$ 1 |
| Fund balance, beginning of year | | | - | |
| Fund balance, end of year | | | \$ 1 | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - PUBLIC ASSISTANCE - PROJECT #536 AB
For the year ended June 30, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| State sources | \$ 43,700 | \$ 43,700 | \$ 43,700 | \$ - |
| Interest | - | - | 11 | 11 |
| Total revenues | <u>43,700</u> | <u>43,700</u> | <u>43,711</u> | <u>11</u> |
| Expenditures: | | | | |
| Salaries and benefits | 30,922 | 30,922 | 32,545 | (1,623) |
| Purchased services | 6,569 | 6,569 | 6,133 | 436 |
| Supplies and materials | 5,335 | 5,335 | 4,159 | 1,176 |
| Other objects | 874 | 874 | 874 | - |
| Total expenditures | <u>43,700</u> | <u>43,700</u> | <u>43,711</u> | <u>(11)</u> |
| Excess of revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund balance (deficit), beginning of year | | | <u>(1,857)</u> | |
| Fund balance (deficit), end of year | | | <u>\$ (1,857)</u> | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC - PROJECT #536 AB
For the year ended June 30, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal sources | \$ 42,521 | \$ 42,521 | \$ 42,521 | \$ - |
| Interest | - | - | 16 | 16 |
| Total revenues | <u>42,521</u> | <u>42,521</u> | <u>42,537</u> | <u>16</u> |
| Expenditures: | | | | |
| Salaries and benefits | 38,596 | 35,716 | 40,339 | (4,623) |
| Purchased services | 3,075 | 3,955 | 1,152 | 2,803 |
| Supplies and materials | - | 2,000 | 1,030 | 970 |
| Other objects | 850 | 850 | - | 850 |
| Total expenditures | <u>42,521</u> | <u>42,521</u> | <u>42,521</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | 16 | <u>\$ 16</u> |
| Fund balance (deficit), beginning of year | | | <u>(1,669)</u> | |
| Fund balance (deficit), end of year | | | <u>\$ (1,653)</u> | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EVEN START - PROJECT #06-4335-00
For the year ended June 30, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal sources | \$ 100,000 | \$ 95,000 | \$ 85,589 | \$ (9,411) |
| Interest | - | - | 61 | 61 |
| Total revenues | <u>100,000</u> | <u>95,000</u> | <u>85,650</u> | <u>(9,350)</u> |
| Expenditures: | | | | |
| Salaries and benefits | 66,017 | 49,995 | 43,200 | 6,795 |
| Purchased services | 18,883 | 31,083 | 35,156 | (4,073) |
| Supplies and materials | 15,100 | 13,922 | 9,557 | 4,365 |
| Total expenditures | <u>100,000</u> | <u>95,000</u> | <u>87,913</u> | <u>7,087</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | (2,263) | <u>\$ (2,263)</u> |
| Fund balance, beginning of year | | | <u>2,326</u> | |
| Fund balance, end of year | | | <u>\$ 63</u> | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS - PROJECT #05-4936-00
For the year ended June 30, 2006**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------|------------------|------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Federal sources | \$ 144,329 | \$ 144,329 | \$ 115,430 | \$ (28,899) |
| Interest | - | - | 112 | 112 |
| Total revenues | 144,329 | 144,329 | 115,542 | (28,787) |
| Expenditures: | | | | |
| Salaries and benefits | 15,410 | 15,410 | 4,542 | 10,868 |
| Purchased services | 86,819 | 86,819 | 76,642 | 10,177 |
| Supplies and materials | 42,100 | 42,100 | 34,270 | 7,830 |
| Payments to other governments | - | - | 45 | (45) |
| Total expenditures | 144,329 | 144,329 | 115,499 | 28,830 |
| Excess of revenues over expenditures | \$ - | \$ - | 43 | \$ 43 |
| Fund balance, beginning of year | | | 33 | |
| Fund balance, August 31, 2005 | | | \$ 76 | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS - PROJECT #06-4936-00
For the year ended June 30, 2006**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|----------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Federal sources | \$ 183,035 | \$ 183,035 | 36,497 | \$(146,538) |
| Interest | - | - | 136 | 136 |
| Total revenues | 183,035 | 183,035 | 36,633 | (146,402) |
| Expenditures: | | | | |
| Salaries and benefits | 30,819 | 30,819 | 13,899 | 16,920 |
| Purchased services | 107,812 | 110,212 | 21,680 | 88,532 |
| Supplies and materials | 44,404 | 42,004 | 918 | 41,086 |
| Payments to other governments | - | - | 36 | (36) |
| Total expenditures | 183,035 | 183,035 | 36,533 | 146,502 |
| Excess of revenues over expenditures | \$ - | \$ - | 100 | \$ 100 |
| Fund balance, September 1, 2005 | | | 76 | |
| Fund balance, end of year | | | \$ 176 | |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2006**

| | <u>Film Coop</u> | <u>General Education Development</u> | <u>Seventh Judicial Family Violence</u> | <u>Bus Driver</u> |
|-------------------------------------|------------------|--|---|-------------------|
| ASSETS | | | | |
| Cash | \$ 1,804 | \$ 2,375 | \$ 2,593 | \$ 7,254 |
| Accounts receivable | - | 384 | - | - |
| Investments | - | - | - | - |
| | <u>1,804</u> | <u>2,759</u> | <u>2,593</u> | <u>7,254</u> |
| Total assets | <u>\$ 1,804</u> | <u>\$ 2,759</u> | <u>\$ 2,593</u> | <u>\$ 7,254</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 342 | \$ - | \$ - |
| Payroll liabilities payable | - | - | 146 | - |
| Claims payable | - | - | - | - |
| Due to other funds | 18 | - | - | - |
| Due to other governments | 1,786 | - | - | - |
| Deferred revenue | - | - | - | - |
| | <u>1,804</u> | <u>342</u> | <u>146</u> | <u>-</u> |
| Total liabilities | <u>1,804</u> | <u>342</u> | <u>146</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Unreserved | <u>-</u> | <u>2,417</u> | <u>2,447</u> | <u>7,254</u> |
| Total liabilities and fund balances | <u>\$ 1,804</u> | <u>\$ 2,759</u> | <u>\$ 2,593</u> | <u>\$ 7,254</u> |

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

| | Institute | Leaders in Technology Enhanced Schools Fund | Olympiad Fund | Alternative Schools |
|--|------------------|--|------------------|------------------------|
| ASSETS | | | | |
| Cash | \$ 37,560 | \$ 6,506 | \$ 5,984 | \$ 42,610 |
| Accounts receivable | - | - | - | - |
| Investments | 111 | - | - | 18 |
| Total assets | \$ 37,671 | \$ 6,506 | \$ 5,984 | \$ 42,628 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll liabilities payable | - | - | - | 3,022 |
| Claims payable | - | - | - | 4,376 |
| Due to other funds | - | - | - | - |
| Due to other governments | - | - | - | - |
| Deferred revenue | - | 4,913 | - | - |
| Total liabilities | - | 4,913 | - | 7,398 |
| FUND BALANCES | | | | |
| Unreserved | 37,671 | 1,593 | 5,984 | 35,230 |
| Total liabilities and fund balances | \$ 37,671 | \$ 6,506 | \$ 5,984 | \$ 42,628 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Trustee | Supervisory | Totals |
|-----------------------------|-----------------|-------------|-------------------|
| ASSETS | | | |
| Cash | \$ 1,312 | \$ - | \$ 107,998 |
| Accounts receivable | - | - | 384 |
| Investments | - | - | 129 |
| | <u>\$ 1,312</u> | <u>\$ -</u> | <u>\$ 108,511</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 933 | \$ - | \$ 1,275 |
| Payroll liabilities payable | - | - | 3,168 |
| Claims payable | - | - | 4,376 |
| Due to other funds | - | - | 18 |
| Due to other governments | - | - | 1,786 |
| Deferred revenue | - | - | 4,913 |
| | <u>933</u> | <u>-</u> | <u>15,536</u> |
| FUND BALANCES | | | |
| Unreserved | <u>379</u> | <u>-</u> | <u>92,975</u> |
| | <u>\$ 1,312</u> | <u>\$ -</u> | <u>\$ 108,511</u> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Film Coop | General Education Development | Seventh Judicial Family Violence | Bus Driver |
|--|----------------|-------------------------------------|---|--------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ 18,165 | \$ - | \$ 1,392 |
| State sources | - | - | 19,500 | 720 |
| Federal sources | - | - | - | - |
| Interest | 24 | 10 | 26 | 46 |
| Total revenues | 24 | 18,175 | 19,526 | 2,158 |
| Expenditures: | | | | |
| Salaries and benefits | 525 | 11,204 | 15,045 | - |
| Purchased services | 2,954 | 4,240 | 1,987 | 1,589 |
| Supplies and materials | 144 | 1,161 | 2,626 | - |
| Payments to other governments | 4,933 | - | - | - |
| Other objects | - | - | - | - |
| Total expenditures | 8,556 | 16,605 | 19,658 | 1,589 |
| Excess (deficiency) of revenues over (under) expenditures | (8,532) | 1,570 | (132) | 569 |
| Other financing uses | | | | |
| Transfers out | (50) | - | - | - |
| Net change in fund balances | (8,582) | 1,570 | (132) | 569 |
| Fund balances, beginning of year | 8,582 | 847 | 2,579 | 6,685 |
| Fund balances, end of year | \$ - | \$ 2,417 | \$ 2,447 | \$ 7,254 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Institute | Leaders in Technology Enhanced Schools Fund | Olympiad Fund | Alternative Schools |
|--|------------------|--|------------------|------------------------|
| Revenues: | | | | |
| Local sources | \$ 24,355 | \$ - | \$ 10,600 | \$ - |
| State sources | - | - | - | 103,280 |
| Federal sources | - | 5,697 | - | - |
| Interest | 175 | 116 | 50 | 360 |
| Total revenues | 24,530 | 5,813 | 10,650 | 103,640 |
| Expenditures: | | | | |
| Salaries and benefits | 807 | - | - | 26,596 |
| Purchased services | 3,775 | 5,697 | 9,868 | 35,706 |
| Supplies and materials | 1,727 | - | 1,161 | 8,546 |
| Payments to other governments | - | - | - | - |
| Other objects | 5,826 | - | - | 2,066 |
| Total expenditures | 12,135 | 5,697 | 11,029 | 72,914 |
| Excess (deficiency) of revenues over (under) expenditures | 12,395 | 116 | (379) | 30,726 |
| Other financing uses | | | | |
| Transfers out | - | - | - | - |
| Net change in fund balances | 12,395 | 116 | (379) | 30,726 |
| Fund balances, beginning of year | 25,276 | 1,477 | 6,363 | 4,504 |
| Fund balances, end of year | \$ 37,671 | \$ 1,593 | \$ 5,984 | \$ 35,230 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Trustee | Supervisory | Totals |
|--|-------------|-------------|-------------|
| Revenues: | | | |
| Local sources | \$ - | \$ - | \$ 54,512 |
| State sources | - | 4,000 | 127,500 |
| Federal sources | - | - | 5,697 |
| Interest | - | - | 807 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | - | 4,000 | 188,516 |
| Expenditures: | | | |
| Salaries and benefits | - | - | 54,177 |
| Purchased services | - | 4,000 | 69,816 |
| Supplies and materials | - | - | 15,365 |
| Payments to other governments | - | - | 4,933 |
| Other objects | - | - | 7,892 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | - | 4,000 | 152,183 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 36,333 |
| Other financing uses | | | |
| Transfers out | - | - | (50) |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balances | - | - | 36,283 |
| Fund balances, beginning of year | 379 | - | 56,692 |
| | <hr/> | <hr/> | <hr/> |
| Fund balances, end of year | \$ 379 | \$ - | \$ 92,975 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2006**

| | Early Childhood Math | Administrators' Academy | Math & Science Workshop | Total |
|---------------------|----------------------------|----------------------------|-------------------------------|------------------|
| ASSETS | | | | |
| Cash | \$ 479 | \$ 14,494 | \$ 769 | \$ 15,742 |
| Accounts receivable | 550 | - | - | 550 |
| Total assets | 1,029 | 14,494 | 769 | 16,292 |
| LIABILITIES | | | | |
| | - | - | - | - |
| NET ASSETS | \$ 1,029 | \$ 14,494 | \$ 769 | \$ 16,292 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2006**

| | Early Childhood Math | Administrators' Academy | Math & Science Workshop | Total |
|------------------------------|----------------------------|----------------------------|-------------------------------|-----------|
| Operating revenues: | | | | |
| Charges for services | \$ 32,839 | \$ 3,750 | \$ 605 | \$ 37,194 |
| Operating expenses: | | | | |
| Salaries and benefits | - | 6,594 | - | 6,594 |
| Purchased services | 25,709 | 3,483 | 565 | 29,757 |
| Supplies and materials | 7,488 | - | 751 | 8,239 |
| Total operating expenses | 33,197 | 10,077 | 1,316 | 44,590 |
| Operating loss | (358) | (6,327) | (711) | (7,396) |
| Nonoperating revenues: | | | | |
| Interest | 2 | 102 | 3 | 107 |
| Loss before transfers | (356) | (6,225) | (708) | (7,289) |
| Transfers in | 1 | - | 1,477 | 1,478 |
| Change in net assets | (355) | (6,225) | 769 | (5,811) |
| Total net assets - beginning | 1,384 | 20,719 | - | 22,103 |
| Total net assets - ending | \$ 1,029 | \$ 14,494 | \$ 769 | \$ 16,292 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Early Childhood Math | Administrators' Academy | Math & Science Workshop | Total |
|--|----------------------------|----------------------------|-------------------------------|------------|
| Cash flows from operating activities: | | | | |
| Collection of fees | \$ 32,289 | \$ 3,750 | \$ 605 | \$ 36,644 |
| Payment to suppliers and providers of goods and services | (33,197) | (3,483) | (1,316) | (37,996) |
| Payments to employees | - | (6,680) | - | (6,680) |
| Net cash used for operating activities | (908) | (6,413) | (711) | (8,032) |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | 1 | - | 1,477 | 1,478 |
| Cash flows from investing activities: | | | | |
| Interest received | 2 | 102 | 3 | 107 |
| Net increase (decrease) in cash and cash equivalents | (905) | (6,311) | 769 | (6,447) |
| Cash and cash equivalents - beginning | 1,384 | 20,805 | - | 22,189 |
| Cash and cash equivalents - ending | \$ 479 | \$ 14,494 | \$ 769 | \$ 15,742 |
| Reconciliation of operating loss to net cash used for operating activities: | | | | |
| Operating loss | \$ (358) | \$ (6,327) | \$ (711) | \$ (7,396) |
| Adjustments to reconcile operating income to net cash used for operating activities: | | | | |
| Increase in accounts receivable | (550) | - | - | (550) |
| Decrease in payroll liabilities | - | (86) | - | (86) |
| Net cash used for operating activities | \$ (908) | \$ (6,413) | \$ (711) | \$ (8,032) |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Distributive Fund | Central Illinois Rural Region Career & Technical Education System | Totals |
|--------------------------|----------------------|--|----------|
| ASSETS | | | |
| Cash | \$ - | \$ 5,665 | \$ 5,665 |
| LIABILITIES | | | |
| Due to other governments | \$ - | \$ 5,665 | \$ 5,665 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 | \$ - | \$ 1,336,672 | \$ 1,336,672 | \$ - |
| LIABILITIES | | | | |
| Due to other funds | \$ - | \$ 774,670 | \$ 774,670 | \$ - |
| Due to other governments | - | 562,002 | 562,002 | - |
| Total liabilities | \$ - | \$ 1,336,672 | \$ 1,336,672 | \$ - |

CENTRAL ILLINOIS RURAL REGION CAREER & TECHNICAL EDUCATION SYSTEM

| | | | | |
|--------------------------|----------|------------|------------|----------|
| ASSETS | | | | |
| Cash | \$ 2,333 | \$ 568,557 | \$ 565,225 | \$ 5,665 |
| LIABILITIES | | | | |
| Due to other governments | \$ 2,333 | \$ 568,557 | \$ 565,225 | \$ 5,665 |

In the prior year, the Regional Office of Education #40 reported two vocational education funds, Illinois Valley Regional Vocational Education System and Macoupin County Regional Vocational Education Delivery System. As of July 1, 2005, they consolidated to form the Central Illinois Rural Region Career & Technical Education System.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

For the year ended June 30, 2006

| | <u>Balance</u> <u>July 1, 2005</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2006</u> |
|----------------------------------|---------------------------------------|------------------|-------------------|--|
| <u>TOTALS - ALL AGENCY FUNDS</u> | | | | |
| ASSETS | | | | |
| Cash | \$ 2,333 | \$ 1,905,229 | \$ 1,901,897 | \$ 5,665 |
| LIABILITIES | | | | |
| Due to other funds | \$ - | \$ 774,670 | \$ 774,670 | \$ - |
| Due to other governments | 2,333 | 1,130,559 | 1,127,227 | 5,665 |
| Total liabilities | \$ 2,333 | \$ 1,905,229 | \$ 1,901,897 | \$ 5,665 |

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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

| | Central Illinois Rural Region Career & Technical Education System | Other | ROE #40 | Total |
|---|--|---------------|-------------------|---------------------|
| General State Aid | \$ - | \$ - | \$ 224,169 | \$ 224,169 |
| Special Education - Summer School | - | 323 | - | 323 |
| Career & Technical Ed Improvement | 411,658 | - | - | 411,658 |
| Voc. Ed. - Agriculture Education | 25,258 | - | - | 25,258 |
| State Free Lunch and Breakfast | - | - | 210 | 210 |
| ROE School Bus Driver Training | - | - | 720 | 720 |
| Truants Alternative/Opt. Education | - | - | 108,751 | 108,751 |
| Regional Safe Schools | - | - | 163,889 | 163,889 |
| ROE/ISC Operations | - | - | 65,890 | 65,890 |
| Supervisory | - | - | 4,000 | 4,000 |
| Title V - Innovative Programs - Formula | - | - | 116 | 116 |
| National School Lunch Program | - | - | 3,312 | 3,312 |
| Even Start | - | - | 91,526 | 91,526 |
| Title IV - Safe & Drug Free Schools - Formula | - | - | 113 | 113 |
| Voc. Ed. - Perkins | 124,763 | - | - | 124,763 |
| Title II - Teacher Quality | - | - | 465 | 465 |
| Math/Science Partnership | - | - | 111,509 | 111,509 |
| TOTAL | \$ 561,679 | \$ 323 | \$ 774,670 | \$ 1,336,672 |

FEDERAL FINANCIAL COMPLIANCE SECTION

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 II - Teacher Quality | 84.367A | 06-4932-00 | \$ 465 |
| (m) Title V - Innovative Programs - Formula | 84.298A | 06-4100-00 | 116 |
| Title IV - Safe and Drug Free Schools - Formula | 84.186A | 06-4400-00 | 113 |
| Even Start | 84.213C | 06-4335-00 | 85,589 |
| (m) Mathematics and Science Partnerships | 84.366B | 05-4936-00 | 115,430 |
| (m) Mathematics and Science Partnerships | 84.366B | 06-4936-00 | 36,497 |
| Total Mathematics and Science Partnerships | | | 151,927 |
| Total Illinois State Board of Education | | | 238,210 |
| <i>Passed through Regional Office of Education #41:</i> | | | |
| Leaders in Technology Enhanced Schools | 84.303 | N643031 | 5,697 |
| (m) It's Real Grant | 84.318X | 05-4972-00 | 21,694 |
| (m) It's Real Grant | 84.318X | 06-4972-00 | 7,800 |
| Total It's Real Grant | | | 29,494 |
| Total Regional Office of Education #41 | | | 35,191 |
| <i>Passed through Regional Office of Education #50:</i> | | | |
| Title I - School Improvement & Accountability | 84.010A | 06-4331-SS | 22,324 |
| Total Regional Office of Education #50 | | | 22,324 |
| <i>Passed through the Illinois Community College Board:</i> | | | |
| Adult Education and Family Literacy (Federal Basic) | 84.002A | 536 AB | 42,521 |
| Total Illinois Community College Board | | | 42,521 |
| <i>Passed through Regional Office of Education #11 passed through Regional Office of Education #3:</i> | | | |
| Standards Aligned Classroom | 84.298A | 06-4999-00 | 6,414 |
| Total Regional Office of Education #3 | | | 6,414 |
| Total U.S. Department of Education | | | 344,660 |

The notes are an integral part of this schedule.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**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 Agriculture | | | |
| <i>Passed through Illinois State Board of Education:</i> | | | |
| (m) National School Lunch Program | 10.555 | 05-4210-00 | 422 |
| (m) National School Lunch Program | 10.555 | 06-4210-00 | 2,890 |
| Total National School Lunch Program | | | 3,312 |
| Total Illinois State Board of Education | | | 3,312 |
| Total U.S. Department of Agriculture | | | 3,312 |
| TOTAL | | | \$ 347,972 |

(m) - Audited as a major program

The notes are an integral part of this schedule.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO THE 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 #40 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

No amounts were awarded to subrecipients.

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

Mathematics and Science Partnerships – Provides in-service training for math and science teachers of grades four through twelve. The content focus relates the math and science content to the current Illinois Learning Standards.

Title V – Innovative Programs – Provides funds to increase student academic achievement by evaluating teacher and principal quality and to support reform efforts aimed at improving education.

National School Lunch – Used to account for the monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

It's Real Grant – Provides professional staff development to infuse technology into the curriculum using the Inquiry Based Learning Process, with the objective of demonstrating improvement in student test scores.

4. NON-CASH ASSISTANCE

The note is not applicable to Regional Office of Education #40.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education #40.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40

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

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The note is not applicable to Regional Office of Education #40.

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.