

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #41**  
**MADISON COUNTY**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act and OMB Circular A-133)**  
**For the Year Ended June 30, 2008**

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
For the Year Ended June 30, 2008**

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**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
For the Year Ended June 30, 2008**

**OFFICIALS**

Regional Superintendent  
(Current and during audit period)

Mr. Robert A. Daiber

Assistant Regional Superintendent  
(Current and during audit period)

Mr. Cullen L. Cullen

Office is located at:

157 N. Main Street Ste 438  
Edwardsville, Illinois 62025

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
For the Year Ended June 30, 2008**

**COMPLIANCE REPORT SUMMARY**

The compliance audit testing performed during 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	3	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	3

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

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<b>FINDINGS (GOVERNMENT AUDITING STANDARDS)</b>			
08-1	12	Uncollateralized and uninsured deposits	Significant Deficiency
08-2	13-14	Excess grant funds and interest income	Significant Deficiency
<b>FINDINGS AND QUESTIONED COST (FEDERAL COMPLIANCE)</b>			
08-2	13-14	Excess grant funds and interest income	Significant Deficiency
08-3	15-16	Inadequate Identification of Federal Award and Monitoring of Subrecipients	Noncompliance
<b>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</b>			
07-1	21	Controls over financial statement preparation	
<b>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</b>			
None			

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
For the Year Ended June 30, 2008**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on May 1, 2009. The following people attended this meeting:

<u>Name</u>	<u>Title</u>
Robert A. Daiber	Regional Superintendent
Cullen L. Cullen	Assistant Superintendent
Dale B. Holtmann	Special Assistant Auditor, J. W. Boyle & Co., Ltd.
Jill Branch	Special Assistant Auditor, J. W. Boyle & Co., Ltd.

Responses to the recommendations were provided by Cullen L. Cullen in a letter dated March 24, 2009.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
For the Year Ended June 30, 2008**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Regional Office of Education #41 was performed by J.W. Boyle & Co., Ltd.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #41's basic financial statements.

## **AUDITORS' REPORTS**





## 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 Regional Office of Education #41, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #41's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #41's management. Our responsibility is to express opinions on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #41, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2009 on our consideration of the Regional Office of Education #41's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 22 through 28 is not a required part of the basic financial statements but is 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 #41's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, 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.



J. W. Boyle & Co., Ltd.

June 9, 2009



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #41, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #41's basic financial statements and have issued our report thereon dated June 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #41's (ROE #41) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ROE #41's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ROE #41's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting, 08-1 and 08-2.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

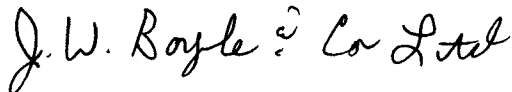
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ROE #41's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 08-1 and 08-2.

We also noted certain matters which we have reported to management of ROE #41 in a separate letter dated June 9, 2009.

ROE #41's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit ROE #41's responses and, accordingly, we express no opinion on them.

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



J. W. Boyle & Co., Ltd.

June 9, 2009



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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #41 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Regional Office of Education #41'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 Regional Office of Education #41's management. Our responsibility is to express an opinion on the Regional Office of Education #41's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #41's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #41's compliance with those requirements.

In our opinion, the Regional Office of Education #41 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 08-2 and 08-3.

## Internal Control over Compliance

The management of the Regional Office of Education #41 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #41's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #41's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-2 to be a significant deficiency.

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

Regional Office of Education #41's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education #41's responses and, accordingly, we express no opinion on them.

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



J. W. Boyle & Co., Ltd.

June 9, 2009

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #41  
 MADISON COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2008**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?   X   Yes    \_\_\_\_\_ 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
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?   X   Yes    \_\_\_\_\_ No

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

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

Identification of **major** programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.366	Mathematics and Science Partnership
84.357	Title I – Reading First Part B SEA Funds
84.011	Title I – Migrant Education

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

Auditee qualified as a low-risk auditee? \_\_\_\_\_ Yes      X   No

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #41  
 MADISON COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2008**

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<b>Section II--Financial Statement Findings</b>	FINDING NO.	08-1
	REPEATED FROM	N/A

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**Uncollateralized and Uninsured Deposits**

1. **Criteria/specific requirement:**  
 The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education's name. In addition, prudent business practice requires all deposits held by financial institutions for the Regional Office of Education be adequately covered by depository insurance or collateral.
  
2. **Condition:**  
 The Regional Office of Education had deposits which were uninsured and uncollateralized totaling \$220,805 at June 30, 2008.
  
5. **Effect:**  
 Failure to ensure bank balances are properly protected subjects the Regional Office of Education funds to a risk of loss in the event of failure of the bank in which the Regional Office of Education funds are deposited.
  
6. **Cause:**  
 The Regional Office of Education believed that their deposits were automatically collateralized by all of the banks in which they have deposits. However, this was not the case and deposits were uncollateralized at year end.
  
7. **Recommendation:**  
 The Regional Office of Education should monitor collateral held for its bank deposits. The Regional Office of Education should also establish controls for confirming amounts pledged by the bank on a regular basis, especially when the cash balances exceed the amount covered by the Federal Deposit Insurance Corporation.
  
8. **Management's response:**  
 The Regional Office of Education will monitor collateral held for bank deposits. The Regional Office of Education will confirm on a quarterly basis the amounts pledged by the banks especially when funds exceed the amounts covered by the Federal Deposit Insurance Corporation beginning December 1, 2008. The Regional Office of Education will also establish an agreement with banks to automatically pledge adequate collateral.



**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008**

**Section II--Financial Statement Findings**

FINDING NO.	08-2
REPEATED FROM	07-2

**Federal Program Name and Year:** (a) Mathematics & Science Partnership,  
(b) McKinney-Vento Homeless Children

**Project No.:** (a) 07-4936-01, (b) 08-4920-00

**CFDA No.:** (a) 84.366, (b) 84.196

**Passed Through:** (a) Illinois State Board of Education,  
(b) Bond/Fayette/Effingham Counties Regional Office of Education #3

**Federal Agency:** (a) U.S. Department of Education, (b) U.S. Department of Education

**Excess Grant Funds and Interest Income**

1. **Criteria/specific requirement:**

The Illinois Grant Funds Recovery Act (30 ILCS 705/5) requires that all grant funds that have not been expended or obligated by the end of the grant period be returned to the granting agency within 45 days after the end of the period. The Act (30 ILCS 705/10) also states that all interest earned on grant funds held by a grantee shall become part of the grant principal when earned and be treated accordingly for all purposes unless the grant agreement provides otherwise. In addition, 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.

2. **Condition:**

The Regional Office of Education has excess grant funds in the amount of \$26,434 in the Mathematics & Science Partnership grant plus interest revenue earned in prior years of \$1,752, remaining at June 30, 2008. The grant ended August 31, 2007, and the funds were not returned to the granting agency. In addition, there are two funds that have unspent interest revenue totaling \$452 that is required to be returned to the grantor.

Excess grant funds	
Mathematics & Science Partnership	\$ 26,434
Interest earned in prior years	1,752
	\$ 28,186

Excess interest revenue	
Truants Alternative/Optional Education	\$ 41
McKinney-Vento Homeless Children	411
	\$ 452

3. **Questioned Costs:**

The unspent grant and interest revenue of \$28,638 represents questioned costs that need to be returned to the Illinois State Board of Education.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008**

4. ***Context:***

The Regional Office of Education has 25 grants they administer and account for through separate funds. Of these, three funds have excess cash balances from unspent grant and interest earnings that are required to be returned to the grantor.

5. ***Effect:***

Noncompliance with the Illinois Grant Funds Recovery Act and the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21).

6. ***Cause:***

The Regional Office of Education did not monitor the interest earnings and remaining cash balances after the grant had ended.

7. ***Recommendation:***

The Regional Office of Education should investigate the interest earnings and cash balances remaining in accounts at the end of the grant, to determine the appropriate action needed to close out these accounts. In addition, the Regional Office of Education should obtain adequate documentation from granting agencies regarding the disposition of outstanding grant money and return the outstanding grant money if so required.

8. ***Management's response:***

The Regional Office of Education will review practices and investigate the interest earnings and cash balances remaining in accounts at the end of the fiscal year to determine what actions need to be taken to close-out accounts. The Regional Office of Education will obtain appropriate documentation from granting agencies regarding the required disposition of outstanding grant money. The Regional Office of Education will return the outstanding grant money to the appropriate agency when required.

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #41  
 MADISON COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2008**

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<b>Section III--Findings and Questioned Costs for Federal Awards</b>	FINDING NO.	08-3
	REPEATED FROM	N/A

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**Federal Program Name and Year:** (a) Mathematics & Science Partnership

**Project No.:** (a) 07-4936-01, 08-4936-01

**CFDA No.:** (a) 84.366

**Passed Through:** (a) Illinois State Board of Education

**Federal Agency:** (a) U.S. Department of Education

**Inadequate Identification of Federal Award and Monitoring of Subrecipients**

1. **Criteria/specific requirement:**

OMB Circular A-133, Section 400(d) places responsibilities on pass-through entities at the time of the award which include, identifying to the subrecipient, the Federal award information (CFDA title and number, award name, award year and name of Federal agency) and applicable compliance requirements. In addition, the pass-through entity is required to ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year, for fiscal years ending after December 31, 2003, as provided in OMB Circular A-133, have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.

2. **Condition:**

The Regional Office of Education did not include the required identification of federal award information in their contract with their subrecipient, a state university. The Regional Office of Education entered into a partnership with a state university to fund a research project about the diversity of mathematics and science curriculum in Illinois. In addition, the Regional Office of Education did not monitor the subrecipient by requesting a copy of the financial audit of the entity, which spent more than \$500,000 in federal awards.

3. **Questioned Costs:**

None.

4. **Context:**

The Regional Office of Education has 25 grants that they administer and account for through separate funds. This is the only grant that the Regional Office of Education administers with a subrecipient monitoring requirement.

5. **Effect:**

Failure to identify a federal program to a subrecipient and to obtain and review subrecipient OMB Circular A-133 audit reports in a timely manner may result in federal funds not properly administered in accordance with laws, regulations, and the grant agreement.

6. **Cause:**

The Regional Office of Education was not aware of the monitoring requirements for subrecipients of federal funds.

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REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008**

7. ***Recommendation:***

The Regional Office of Education should identify all federal awards with subrecipients and include CFDA title and number, award name, award year and name of Federal agency in all contracts with subrecipients. In addition, the Regional Office of Education should request audited financial statements from subrecipients.

8. ***Management's response:***

The Regional Office of Education will identify all federal awards with subrecipients and include appropriate notification that includes: CFDA title and number, award name, award year, and name of the Federal agency in all contracts with the subrecipient. The Regional Office of Education will request audited financial statements from subrecipients.



**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008**

**Corrective Action Plan**

**Finding No.: 08-1**

**Condition:**

The Madison County Regional Office of Education #41 had deposits which were uninsured and uncollateralized totaling \$220,805 at June 30, 2008.

**Plan:**

The Regional Office of Education will monitor collateral held for bank deposits. The Regional Office of Education will confirm on a quarterly basis the amounts pledged by the banks especially when funds exceed the amounts covered by the Federal Deposit Insurance Corporation beginning December 1, 2008. The Regional Office of Education will also establish an agreement with banks to automatically pledge adequate collateral.

**Anticipated Date of Completion:**

December 1, 2008

**Name of Contact Person:**

Robert A. Daiber, Regional Superintendent

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008**

**Corrective Action Plan**

**Finding No.: 08-2**

**Condition:**

The Madison County Regional Office of Education #41 has excess grant funds in the amount of \$26,434 in the Mathematics & Science Partnership grant plus interest revenue earned in prior years of \$1,752, remaining at June 30, 2008. The grant ended August 31, 2007 and the funds were not returned to the granting agency. In addition, there are two funds that have unspent interest revenue totaling \$452 that is required to be returned to the grantor.

Excess grant funds	
Mathematics & Science Partnership	\$ 26,434
Interest earned in prior years	<u>1,752</u>
	<u>\$ 28,186</u>

Excess interest revenue	
Truants Alternative/Optional Education	\$ 41
McKinney Vento Homeless Children	<u>411</u>
	<u>\$ 452</u>

**Plan:**

The Regional Office of Education #41 will review practices and investigate the interest earnings and cash balances remaining in accounts at the end of the fiscal year to determine what actions need to be taken to close-out accounts. The Regional Office of Education #41 will obtain appropriate documentation from granting agencies regarding the required disposition of outstanding grant money. The Regional Office of Education #41 will return the outstanding grant money to the appropriate agency when required.

**Anticipated Date of Completion:**

December 1, 2008

**Name of Contact Person:**

Robert A. Daiber, Regional Superintendent

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2008**

**Corrective Action Plan**

**Finding No.: 08-3**

**Condition:**

The Regional Office of Education did not include the required identification of federal award information in their contract with their subrecipient, a state university. The Regional Office of Education entered into a partnership with a state university to fund a research project about the diversity of mathematics and science curriculum in Illinois. In addition, the Regional Office of Education did not monitor the subrecipient by requesting a copy of the financial audit of the entity, which spent more than \$500,000 in federal awards.

**Plan:**

The Regional Office of Education will identify all federal awards with subrecipients and include appropriate notification that includes: CFDA title and number, award name, award year, and name of the Federal agency in all contracts with the subrecipient. The Regional Office of Education will request audited financial statements from subrecipients.

**Anticipated Date of Completion:**

December 1, 2008

**Name of Contact Person:**

Robert A. Daiber, Regional Superintendent



**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2008**

<b>Finding Number</b>	<b>Condition</b>	<b>Current Status</b>
07-1	Controls over financial statement preparation.	Corrected
07-2	Inactive accounts with excess cash balances	Repeat finding 08-2

**REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Madison County Regional Office of Education #41 (ROE #41), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the ROE #41 for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with ROE #41's financial statements, which follow this section.

**2008 Financial Highlights**

- The assets of the ROE #41 exceeded its liabilities by \$2,092,419 (total net assets). The total net assets increased by \$61,884 or 3%.
- Operating grant monies received by the ROE #41 increased by \$379,938 in 2008. The ROE #41 received additional funding from General State Aid, Title I Reading First Part B SEA and from the Technology Immersion Pilot Project.
- Charges for services, Governmental Activities revenues decreased by \$507,293 over FY'07; whereas Business-type activities revenues decreased by \$5,470.
- Total expenses for ROE #41 decreased by \$211,444 due to the deactivation of the Lincoln Charter Schools in 2007.

**Overview of the Financial Statement**

The annual 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 Agency's financial activities.
- The Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These financial statements provide information about the activities of ROE #41 as a whole and present an overall view of the Agency's finances in a manner similar to private sector businesses.
- The fund financial statements illustrate how governmental services were financed in the short term, as well as what remains for future spending. Fund financial statements report ROE #41'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 essential to a full understanding of the data provided in the basic financial statements.
- Supplementary information further explains and supports the financial statements.
- Other information includes combining financial statements and budgetary information for certain general fund accounts, Education fund accounts, Educational Therapy Center, and other non-major accounts.

See independent auditors' report.

**REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of ROE #41's finances, in a manner similar to private-sector businesses.

The Statement of Net Assets presents information on all of ROE #41's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of ROE #41 is improving or deteriorating.

The Statement of Activities presents information showing how ROE #41's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, ROE #41's activities are divided into two categories:

- *Governmental activities:* Most of ROE #41's basic services are included here, such as regular and special education instruction, instructional staff support services and administration. Federal, state and local grants and contributions finance many of these activities.
- *Business-type activities:* ROE #41 charges fees to help cover the costs of certain services it provides, such as workshops, conferences and teacher certification.

The government-wide financial statements can be found on pages 29-30 of this report.

**Fund financial statements.** The fund financial statements provide detailed information about ROE #41's funds, focusing on its most significant or "major" funds, not ROE #41 as a whole. Funds are accounting devices ROE #41 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law. ROE #41 establishes other funds to control and manage money for particular purposes, such as educational instruction in specific areas or in order to show that it is properly using certain revenues, such as federal grants. All of the funds of ROE #41 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* account for most of ROE #41's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By so doing, the readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

The basic governmental fund financial statements can be found on pages 31 and 33 of this report.

**Proprietary funds.** ROE #41 maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. ROE #41 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Technology Hub and Workshop funds.

The proprietary funds required financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows. The basic proprietary fund financial statements can be found on pages 35-37 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support ROE #41's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statement can be found on page 38 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning ROE #41. Overall budgeting is not a legal requirement for ROE #41. Accordingly, formal budgets are not adopted; and therefore, budgetary comparison statements are not included in the required supplementary information. However, ROE #41 is the recipient of monies from the Illinois State Board of Education (ISBE) for certain accounts within the general fund and for most accounts within the education fund on which ISBE requires budgetary comparison to actual results. Budgetary comparison schedules have been provided for the ISBE accounts to demonstrate compliance and can be found on pages 60 and 65-72 of this report.

The combining statements, in connection with the General Fund, Education Funds, Educational Therapy Center, and non-major special revenue funds can be found on pages 57-76 of this report.

See independent auditors' report.

**REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. ROE #41's net assets at the end of the Fiscal Year 2008 totaled \$2,092,419. This is compared to \$2,030,535 at the end of Fiscal Year 2007. The analysis that follows provides a summary of the ROE #41's net assets at June 30, 2008 and June 30, 2007 for the governmental and business-type activities.

	Condensed Statement of Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 2,340,910	\$ 1,667,732	\$ 405,903	\$ 637,517	\$ 2,746,813	\$ 2,305,249
Capital assets	219,971	227,550	5,803	1,231	225,774	228,781
Total assets	<u>\$ 2,560,881</u>	<u>\$ 1,895,282</u>	<u>\$ 411,706</u>	<u>\$ 638,748</u>	<u>\$ 2,972,587</u>	<u>\$ 2,534,030</u>
Current liabilities	\$ 832,625	\$ 395,876	\$ 2,268	\$ 3,902	\$ 834,893	\$ 399,778
Noncurrent liabilities	45,275	103,717	-	-	45,275	103,717
Total liabilities	<u>\$ 877,900</u>	<u>\$ 499,593</u>	<u>\$ 2,268</u>	<u>\$ 3,902</u>	<u>\$ 880,168</u>	<u>\$ 503,495</u>
Net assets:						
Invested in Capital Assets, net of related debt	\$ 219,971	\$ 227,550	\$ 5,803	\$ 1,231	225,774	228,781
Unrestricted	1,207,221	1,168,139	403,635	392,541	1,610,856	1,560,680
Restricted for professional development	<u>255,789</u>	<u>-</u>	<u>-</u>	<u>241,074</u>	<u>255,789</u>	<u>241,074</u>
Total net assets	<u>\$ 1,682,981</u>	<u>\$ 1,395,689</u>	<u>\$ 409,438</u>	<u>\$ 634,846</u>	<u>\$ 2,092,419</u>	<u>\$ 2,030,535</u>

Year 2008 total assets, comprised predominately of cash and receivables, for governmental activities and business-type activities increased by \$438,557 and liabilities increased by \$376,673, both due in large part to the timing of grant receipts and the development of non-major grants.

As indicated above, ROE #41 reported positive net assets for both the governmental and business-type activities. The assets of ROE #41 exceeded its liabilities at the close of the year by \$2,092,419 (net assets). The investment in net capital assets was \$225,774 at the end of Fiscal Year 2008. ROE #41 uses these capital assets in providing services to its citizens; consequently, these assets are not available for future spending.

Net assets of ROE #41 increased by \$61,884 during Fiscal Year 2008. The net increase is a result of a decrease in expenditures. Key elements of the change are as follows:

See independent auditors' report.

**REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,521,410	\$ 2,028,703	\$ 163,563	\$ 169,033	\$ 1,684,973	\$ 2,197,736
Operating grants and contributions	2,302,233	1,922,295	-	-	2,302,233	1,922,295
General revenues:						
Local source	93,435	140,263	-	-	93,435	140,263
State source	3,197	68,444	-	-	3,197	68,444
Interest	39,908	47,610	12,931	22,873	52,839	70,483
On-behalf payments	1,117,689	1,027,292	-	-	1,117,689	1,027,292
Total revenues	5,077,872	5,234,607	176,494	191,906	5,254,366	5,426,513
Primary government:						
Instructional Services:						
Salaries and benefits	2,636,194	3,013,891	35,742	105,292	2,671,936	3,119,183
Purchased services	732,697	872,248	84,909	35,816	817,606	908,064
Supplies and materials	220,300	224,648	37,004	19,949	257,304	244,597
Capital Outlay	1,484	-	-	-	1,484	-
Other objects	10,674	7,983	105	300	10,779	8,283
Other payments to governments	236,879	-	1,658	19,365	238,537	19,365
Depreciation	75,737	76,642	1,410	500	77,147	77,142
Administrative on-behalf payments						
State	479,079	379,962	-	-	479,079	379,962
Local	638,610	647,330	-	-	638,610	647,330
Total expenses	5,031,654	5,222,704	160,828	181,222	5,192,482	5,403,926
Loss on disposal of capital assets	-	(2,546)	-	-	-	(2,546)
Change in net assets	46,218	9,357	15,666	10,684	61,884	20,041
Net assets, beginning of year	1,395,689	1,386,332	634,846	624,162	2,030,535	2,010,494
Reclassification Institute Fund	241,074	-	(241,074)	-	-	-
Net assets, end of year	<u>\$ 1,682,981</u>	<u>\$ 1,395,689</u>	<u>\$ 409,438</u>	<u>\$ 634,846</u>	<u>\$ 2,092,419</u>	<u>\$ 2,030,535</u>

**GOVERNMENTAL ACTIVITIES**

Revenues for Governmental activities decreased by \$156,735 or 3% in Fiscal Year 2008. While the ROE #41's operating grants increased by \$379,938 as a result of additional funding from General State Aid, Title I Reading First SEA Part B, and the Technology Immersion Pilot Project, charges for services decreased by \$507,293 due to the closure of Lincoln Charter School at the end of FY'07.

See independent auditors' report.

**REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**GOVERNMENTAL ACTIVITIES (CONTINUED)**

The expenditures in total decreased by \$211,444. The decrease in expenditures was due to reductions in force at the Educational Therapy Center and the closure of the Lincoln Charter School.

**BUSINESS-TYPE ACTIVITIES**

Revenues for this activity are comprised of charges for services. Expenses are for the purchase of services and the costs related to the workshops, conferences and academics conducted by the ROE #41. The decrease in the revenues of approximately \$15,412 is a result of a decrease in the number of workshop participants and a decrease in interest revenue. Expenditures decreased by approximately \$20,394 as the number of conferences and workshops decreased.

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

As previously noted, ROE #41 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**GOVERNMENTAL FUND HIGHLIGHTS**

The ROE #41's governmental funds reported combined fund balances of \$1,508,285. This is an increase of \$236,429 from last year's ending fund balance of \$1,271,856. As discussed above, the change in governmental funds is largely attributable to the required change of the Institute Fund from an enterprise fund to a special revenue fund (see note #11 for further details of reclassification), the change in revenues and expenditures as discussed in Governmental Activities above, and the difference of reporting capital assets and accrued absences.

**PROPRIETARY FUND HIGHLIGHTS**

The business-type activities net assets decreased by \$225,408 from \$634,846 at June 30, 2007 to \$409,438 at June 30, 2008. Most of this decrease is attributable to the required change of Teacher's Institute Fund from an enterprise fund to a special revenue fund (see note #11 for further details of reclassification).

**BUDGETARY HIGHLIGHTS**

Presenting an overall budget is not a legal requirement of ROE #41. Formal budgets are not adopted for all funds; therefore budgetary comparison statements are not included in the financial statements.

ROE #41 is a subrecipient for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Comparison of budgeted and actual results for various programs are presented as supplementary information.

**CAPITAL ASSETS**

At June 30, 2008, the ROE #41 had invested \$225,774, net of accumulated depreciation, in computers, audio-visual equipment, and other office equipment. This is a net decrease of \$3,007 from last year. This decrease represents depreciation of \$77,147 and equipment additions of \$74,140.

More detailed information about capital assets is available in Note 3 to the financial statements.

See independent auditors' report.

**REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

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

- The ROE #41 has experienced a decrease in the number of students being served by its school based programs in the past year. A slight decrease in enrollment is expected at the Lighthouse Education Assistance Program and the Educational Therapy Center for the upcoming year based on enrollments from local school districts.
- The ROE #41's special day treatment program has made a reduction in force of direct instructional staff due to a decrease in referrals from local school districts. Further cuts may be warranted at the end of FY'09.
- The ROE #41 received a special appropriation in fiscal year 2008 totaling \$250,000 for the School Improvement fund. It is expected that this will not continue in FY'09.
- The Lincoln Charter School was finalized and deactivated at the close of fiscal year 2007. The Illinois State Board of Education was notified and all liabilities have been paid.

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

The financial report is designed to provide the ROE #41's citizens, taxpayers, customers, and constituents with a general overview of the ROE #41's finances and to demonstrate the ROE #41's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Office Manager of the Madison County Regional Office of Education, 157 N. Main Street, Suite 438, Edwardsville, IL 62025.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and savings deposits	\$ 1,767,226	\$ 377,787	\$ 2,145,013
Due from other governments	425,184	-	425,184
Accounts receivable	146,000	28,116	174,116
Prepaid items	2,500	-	2,500
Total current assets	<u>2,340,910</u>	<u>405,903</u>	<u>2,746,813</u>
Noncurrent assets:			
Capital assets, net of depreciation	219,971	5,803	225,774
Total noncurrent assets	<u>219,971</u>	<u>5,803</u>	<u>225,774</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 2,560,881</u></u>	 <u><u>\$ 411,706</u></u>	 <u><u>\$ 2,972,587</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 330,889	\$ 2,268	\$ 333,157
Accrued payroll	158,258	-	158,258
Due to other governments	136,173	-	136,173
Deferred revenue	207,305	-	207,305
Total current liabilities	<u>832,625</u>	<u>2,268</u>	<u>834,893</u>
Noncurrent liabilities			
Compensated absences	45,275	-	45,275
 <b>TOTAL LIABILITIES</b>	 <u><u>\$ 877,900</u></u>	 <u><u>\$ 2,268</u></u>	 <u><u>\$ 880,168</u></u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 219,971	\$ 5,803	\$ 225,774
Unrestricted	1,207,221	403,635	1,610,856
Restricted for teacher professional development	255,789	-	255,789
 <b>TOTAL NET ASSETS</b>	 <u><u>\$ 1,682,981</u></u>	 <u><u>\$ 409,438</u></u>	 <u><u>\$ 2,092,419</u></u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

FUNCTIONS/PROGRAMS Primary Government:	Program Revenues			Net (Expenses) Revenue and Change in Net Assets		
	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
	Expenses					
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,636,194	\$ 1,378,021	\$ -	\$ (90,330)	\$ -	\$ (90,330)
Purchased services	732,697	519,103	-	2,955	-	2,955
Supplies and materials	220,300	159,143	-	(5,330)	-	(5,330)
Capital outlay	1,484	27,510	-	71,284	-	71,284
Other objects	10,674	1,711	-	26,970	-	26,970
Other payments to governments	236,879	216,745	-	(20,134)	-	(20,134)
Depreciation	75,737	-	-	(75,737)	-	(75,737)
Administrative:						
On-behalf payments - State	479,079	-	-	(479,079)	-	(479,079)
On-behalf payments - Local	638,610	-	-	(638,610)	-	(638,610)
Total governmental activities	5,031,654	2,302,233	-	(1,208,011)	-	(1,208,011)
Business-type activities:						
Instructional Services:	160,828	-	-	-	2,735	2,735
Total business-type activities	160,828	-	-	-	2,735	2,735
Total primary government	\$ 5,192,482	\$ 2,302,233	\$ -	(1,208,011)	2,735	(1,205,276)
General Revenues:						
Local Sources				93,435	-	93,435
State Sources				3,197	-	3,197
On-behalf payments				1,117,689	-	1,117,689
Interest				39,908	12,931	52,839
Transfers				-	-	-
Total general revenues and transfers				1,254,229	12,931	1,267,160
Change in net assets				46,218	15,666	61,884
Net Assets - beginning (restated)				1,636,763	393,772	2,030,535
Net Assets - ending				\$ 1,682,981	\$ 409,438	\$ 2,092,419

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2008**

	General Fund	Education Fund	Lighthouse Educational Assistance Program	Institute Fund	Educational Therapy Center	Other Non-major Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and savings deposits	\$ 151,582	\$ 733,329	\$ 371,034	\$ 247,349	\$ 157,299	\$ 106,633	\$ 1,767,226
Due from other governments	358,733	66,368	-	-	83	-	425,184
Accounts Receivable	-	-	66,016	8,044	53,254	18,686	146,000
Prepaid items	-	-	-	2,500	-	-	2,500
<b>TOTAL ASSETS</b>	<b>\$ 510,315</b>	<b>\$ 799,697</b>	<b>\$ 437,050</b>	<b>\$ 257,893</b>	<b>\$ 210,636</b>	<b>\$ 125,319</b>	<b>\$ 2,340,910</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 236,136	\$ 48,295	\$ 9,053	\$ -	\$ 20,797	\$ 16,608	\$ 330,889
Accrued payroll	11,638	53,848	24,033	-	68,739	-	158,258
Due to other governments	131,288	2,781	-	2,104	-	-	136,173
Deferred Revenue	128,196	79,109	-	-	-	-	207,305
Total liabilities	<b>507,258</b>	<b>184,033</b>	<b>33,086</b>	<b>2,104</b>	<b>89,536</b>	<b>16,608</b>	<b>832,625</b>
<b>FUND BALANCES</b>							
Unreserved, reported in:							
General fund	3,057	-	-	-	-	-	3,057
Special revenue fund	-	615,664	403,964	255,789	121,100	108,711	1,505,228
Total fund balances	<b>3,057</b>	<b>615,664</b>	<b>403,964</b>	<b>255,789</b>	<b>121,100</b>	<b>108,711</b>	<b>1,508,285</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 510,315</b>	<b>\$ 799,697</b>	<b>\$ 437,050</b>	<b>\$ 257,893</b>	<b>\$ 210,636</b>	<b>\$ 125,319</b>	<b>\$ 2,340,910</b>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
June 30, 2008**

Total Fund balances - governmental funds	\$ 1,508,285
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.	219,971
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	<u>(45,275)</u>
Net assets of governmental activities	<u><u>\$ 1,682,981</u></u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2008**

	General Fund	Education Fund	Lighthouse Educational Assistance Program	Institute Fund	Educational Therapy Center	Other Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>							
Local sources	\$ -	\$ 58,357	\$ 382,302	\$ 35,148	\$ 870,303	\$ 160,543	\$ 1,506,653
State sources	928,065	796,667	-	-	1,281	2,455	1,728,468
Federal sources	-	661,991	-	-	23,163	-	685,154
On-behalf payments	1,117,689	-	-	-	-	-	1,117,689
Interest	27	14,782	9,762	5,949	7,695	1,693	39,908
Total revenues	<u>2,045,781</u>	<u>1,531,797</u>	<u>392,064</u>	<u>41,097</u>	<u>902,442</u>	<u>164,691</u>	<u>5,077,872</u>
<b>Expenditures:</b>							
Salaries and benefits	477,633	916,203	330,303	-	967,128	3,369	2,694,636
Purchased services	170,366	361,421	26,186	5,589	62,660	106,475	732,697
Supplies and materials	40,217	123,238	11,179	44	33,823	11,799	220,300
Capital Outlay	23,764	3,345	23,175	-	-	19,358	69,642
Other objects	430	1,330	5,215	615	300	2,784	10,674
Payments to other governments	216,745	-	-	20,134	-	-	236,879
On-behalf payments	1,117,689	-	-	-	-	-	1,117,689
Total expenditures	<u>2,046,844</u>	<u>1,405,537</u>	<u>396,058</u>	<u>26,382</u>	<u>1,063,911</u>	<u>143,785</u>	<u>5,082,517</u>
Revenues over (under) expenditures	(1,063)	126,260	(3,994)	14,715	(161,469)	20,906	(4,645)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	2,292	2,292
Transfers out	-	-	-	-	-	(2,292)	(2,292)
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balances	(1,063)	126,260	(3,994)	14,715	(161,469)	20,906	(4,645)
Fund balance, beginning of year (restated)	4,120	489,404	407,958	241,074	282,569	87,805	1,512,930
Fund balance, end of year	<u>\$ 3,057</u>	<u>\$ 615,664</u>	<u>\$ 403,964</u>	<u>\$ 255,789</u>	<u>\$ 121,100</u>	<u>\$ 108,711</u>	<u>\$ 1,508,285</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2008**

Net change in fund balances \$ (4,645)

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	\$ 68,158	
Depreciation expense	<u>(75,737)</u>	(7,579)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated absences	<u>58,442</u>
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Change in net assets of governmental activities	<u><u>\$ 46,218</u></u>
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**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 June 30, 2008**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<b>Technology</b>		
	<b>Hub</b>		
	<u>Enterprise</u>	<u>Workshop</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and savings deposits	\$ 143,048	\$ 234,739	\$ 377,787
Accounts receivable	28,116	-	28,116
Total current assets	<u>171,164</u>	<u>234,739</u>	<u>405,903</u>
Noncurrent assets			
Capital assets, net of depreciation	5,803	-	5,803
Total noncurrent assets	<u>5,803</u>	<u>-</u>	<u>5,803</u>
<b>TOTAL ASSETS</b>	<u>176,967</u>	<u>234,739</u>	<u>411,706</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	1,338	930	2,268
Total current liabilities	<u>1,338</u>	<u>930</u>	<u>2,268</u>
Non current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,803	-	5,803
Unrestricted	<u>169,826</u>	<u>233,809</u>	<u>403,635</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 175,629</u>	<u>\$ 233,809</u>	<u>\$ 409,438</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 For the Year Ended June 30, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Technology Hub Enterprise</b>	<b>Workshop</b>	<b>Total</b>
Operating revenue			
Charges for services	\$ 46,809	\$ 116,754	\$ 163,563
Total operating revenue	<u>46,809</u>	<u>116,754</u>	<u>163,563</u>
Operating expenses			
Salaries and benefits	29,721	6,021	35,742
Purchased services	6,516	78,393	84,909
Supplies and materials	5,675	31,329	37,004
Capital outlay	-	-	-
Other	-	105	105
Depreciation	1,410	-	1,410
Payments to other governments	1,658	-	1,658
Total operating expenses	<u>44,980</u>	<u>115,848</u>	<u>160,828</u>
Operating income (loss)	<u>1,829</u>	<u>906</u>	<u>2,735</u>
Nonoperating revenue			
Interest	<u>5,465</u>	<u>7,466</u>	<u>12,931</u>
Income (loss) before transfers	<u>7,294</u>	<u>8,372</u>	<u>15,666</u>
Transfers in	-	-	-
Transfers (out)	-	-	-
Total operating transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	7,294	8,372	15,666
Net Assets, Beginning of year (restated)	<u>168,335</u>	<u>225,437</u>	<u>393,772</u>
Net Assets, End of year	<u>\$ 175,629</u>	<u>\$ 233,809</u>	<u>\$ 409,438</u>

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



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Technology Hub Enterprise</b>	<b>Workshop</b>	<b>Total</b>
Cash flows from operating activities:			
Receipts from customers	\$ 18,693	\$ 116,754	\$ 135,447
Payments to suppliers and providers of goods and services	(10,961)	(109,088)	(120,049)
Payments to other governments for goods and services	(1,658)	-	(1,658)
Payments to employees	(29,721)	(7,625)	(37,346)
Net cash provided by (used for) operating activities	(23,647)	41	(23,606)
Cash flows from noncapital financing activities:	-	-	-
Cash flows from capital and related financing activities:			
Payments for capital assets	(5,982)	-	(5,982)
Net cash used for capital and related financing activities	(5,982)	-	(5,982)
Cash flows from investing activities:			
Interest received	5,465	7,466	12,931
Net cash provided by investing activities	5,465	7,466	12,931
Net increase (decrease) in cash and cash equivalents	(24,164)	7,507	(16,657)
Cash and cash equivalents - Beginning of year	167,212	227,232	394,444
Cash and cash equivalents - End of year	\$ 143,048	\$ 234,739	\$ 377,787
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 1,829	\$ 906	\$ 2,735
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	1,410	-	1,410
Change in assets and liabilities:			
(Increase) in accounts receivable	(28,116)	-	(28,116)
Increase in accounts payable	1,230	739	1,969
(Decrease) in due to other governments	-	-	-
(Decrease) in accrued payroll	-	(1,604)	(1,604)
Net cash provided by (used for) operating activities	\$ (23,647)	\$ 41	\$ (23,606)

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**FIDUCIARY FUND**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2008**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 2,436
Accounts receivable	<u>64</u>
Total assets	<u><u>\$ 2,500</u></u>
 <b>LIABILITIES</b>	
Due to other governments	<u>\$ 2,500</u>
Total liabilities	<u><u>\$ 2,500</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 1: SUMMARY OF ACCOUNTING POLICIES**

This summary of significant accounting policies of the Regional Office of Education #41 is presented to assist in understanding the Regional Office of Education's financial statements. The financial statements and notes are representations of the Regional Office of Education's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter I, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

A. Financial Reporting Entity

The Regional Office of Education #41 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

The Regional Superintendent is responsible for supervision and control of school districts within Regional Office of Education #41. This includes all aspects of supervision, reports and financial accounting of districts, which are considered by State law to be in the Regional Office of Education. In addition, the Regional Superintendent is charged with the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the Regional Office of Education; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report.

The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

**A. Financial Reporting Entity (continued)**

For the period ended June 30, 2008, the Regional Office of Education applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #41. Such activities are reported as a single major fund (Education Fund).

**B. Scope of the Reporting Entity**

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

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

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

**C. 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 Regional Office of Education #41. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by grant revenues and intergovernmental revenues, are reported separately from business-type activities, which would generally rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the nonfiduciary assets and liabilities, with the differences reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets use either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

**C. Government-wide and fund financial statements (continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The accounts of the Regional Office of Education #41 are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The Regional Office of Education #41 maintains individual funds required by the State of Illinois and as established by purpose or agreements. The various funds are summarized by type in the financial statements. These funds and accounts are grouped by fund type. The Regional Office of Education's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by the means in which spending activities are controlled.

The various funds used by the Regional Office of Education #41 are categorized as follows for presentation in the financial statements:

*Government Fund Types*

General Funds

The General Fund is used to account for all financial resources except those required to be accounted for in other funds. The General Fund includes the following funds:

Technology Hub – This fund receives a grant for the purpose of providing a coordinated, state-wide support infrastructure which assists the school districts in planning for, implementing, assessing results and educating school staff in the use of technology and telecommunications in curricular, instructional and administrative functions. Included in this fund is the Technology Immersion Pilot Project which provided funds to various schools as determined by Illinois State Board of Education. Also included in this fund is a grant from Illinois World War II Veterans Memorial Association for the creation of a statewide project to capture World War II experiences.

School Improvement – Accounts for the ROE/ISC Operations grant and transactions associated with the operations of the Regional Office of Education.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

**C. Government-wide and fund financial statements (continued)**

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes. The Special Revenue Funds include the following funds:

Education Fund - This fund is used to account for State and federal grant monies received for, and payment of, administering numerous grant awards. The Education Fund includes the following funds:

Truants Alternative and Optional Education Project – This fund is used to account for the grant monies received for, and payment of, providing truancy prevention programming and monitoring truants.

Vocational Adjustment Counselor – This fund is used to account for grant monies received for, and payment of, program costs to provide rehabilitation counseling for individuals in secondary work experience.

Mathematics & Science Partnership – This fund is used to account for administration of monies for the Mathematics & Science Partnership program. The purpose of the grant is to target math and science teachers with content for professional development.

Regional Safe Schools – This fund is used to account for the grant monies received for, and the payment of, local, regional and statewide training opportunities and professional development for faculty and staff.

General State Aid – This fund is used to account for the grant monies received for, and the payment of additional Regional Safe Schools monies.

Migrant Education – This fund is used to account for grant monies received for, and payment of, outreach services for migrant workers in the Madison County Area.

Title III English Language Learner – This fund is used to account for materials and professional development for ROE staff and teachers that have English Language Learner students in their classrooms.

State Standards & Assessment – This fund is used to account for administration of the System of Support grant that is administered by the State.

Title I School Improvement – The purpose of this grant is to conduct targeted assistance with planning, professional development, and data analysis solely with struggling schools eligible to receive service.

Title I Reading First Technical Assistance – This fund is used to account for grant monies received for, and payment of, technical assistance activities for an Early Reading Specialist.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

C. Government-wide and fund financial statements (continued)

Education Fund (continued)

Title I - Reading First Part B SEA – This fund is used to account for the grant monies received for, and payment of, professional development in the area of reading for teachers in Madison County.

Library Services & Technology Act – This fund is used to account for reading materials for English as a Second Language Students.

McKinney-Vento Homeless Children – This fund is used to account for administration of monies for the education of homeless children in Madison County.

Standards Aligned Classroom – This fund is used to account for administration of monies for Learning Teams involved with the Standards Aligned Classroom Project.

Lighthouse Educational Assistance Program – This fund is used to account for administration of an educational facility within a drug rehabilitation center.

Institute – The Institute Fund is authorized by Section 3-12 of the School Code (105 ILCS 5/3-12). All examination, registration and renewal fees are paid into the Institute Fund, which is used to defray administrative expenses incidental to teacher's institutes, workshops, or meetings of a professional nature. All funds remain restricted until expended only on the aforementioned activities.

Educational Therapy Center – This fund is used to account for funds related to the administration of a public day school which provides special education and therapeutic services for behaviorally disordered and emotionally disturbed students. The Educational Therapy Center Fund includes the following funds:

Unemployment Reserve – This fund is used to accumulate resources to be used to pay for unemployment and related expenses should the Educational Therapy Center cease to exist.

Lunch Account Program – This fund is used to account for the State monies received for, and payment of, providing free and reduced priced meals.

Day Program – This fund is used to account for grant monies and local monies received for providing special education and therapeutic services to behaviorally disordered and emotionally disturbed students.

Nonmajor Special Revenue Funds

GED – This fund was established to administer the high school level test of General Educational Development.

Bus Driver Training – This fund is used to account for the issuance of school bus driver permits and to sponsor instructional training courses for school bus drivers.

Supervisory Expense – The Regional Superintendent receives an annual award of \$1,000 from the State Board of Education to pay for travel and meeting expenses.



**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

C. Government-wide and fund financial statements (continued)

Nonmajor Special Revenue Funds (continued)

Administrative – This fund is used to account for reimbursements from other funds for office supplies used by those funds. The fund was also used to pay teacher fees for a Pre-K conference and the fees were reimbursed.

Lincoln Charter School – This fund is used to account for administration of monies associated with the operation of the Lincoln Charter School. The school closed on June 30, 2007.

*Proprietary Fund Types*

Enterprise Funds

Enterprise Funds are used to account for resources from fees charged directly to those entities or individuals that use its services. The Enterprises Funds include the following funds:

Technology Hub Enterprise – This fund is used to account for money received from schools for setup fees for e-mail addresses the County sets up for the schools.

Workshop - This fund is used to account for workshops financed through user fees.

*Fiduciary Fund Type*

Agency Funds

Agency Funds are used to account for assets held by the Madison County Regional Office of Education #41 as an agent for other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds include the following funds:

Teacher Retirement System and Teacher Health Insurance Supplement – This fund is used to collect the retirement contributions and withholdings from all other funds to be paid to the State retirement fund.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

D. 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 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. Grant revenues associated with the subsequent fiscal period, but received before fiscal year end are reported as deferred revenue.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Under the terms of the grant agreements, the Regional Office of Education #41 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding sources available to finance the program. It is the policy of the Regional Office of Education #41 to first apply cost-reimbursement grant resources to such programs and then general revenues.

Proprietary fund operating revenues, such as charges for fees and services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Under the provisions of GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Governmental Entities That Use Proprietary Fund Accounting*, the Regional Office of Education #41 applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

The accounting policies and financial reporting practices of the Regional Office of Education #41 conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

E. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Special revenue funds are reserved to finance specific functions or activities of each fund.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as they relate to governmental entities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

G. Budgetary Data

Overall budgeting is not a legal requirement for the Regional Office of Education. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not included in the financial statements.

The Regional Office of Education is the recipient of monies from the Illinois State Board of Education for certain accounts within the general fund and for most accounts in the education fund on which ISBE requires budgetary comparison to actual results. Comparisons of budgeted and actual results for various programs are reported as supplementary information: Technology Hub, School Improvement, Truant's Alternative and Optional Education Project, Vocational Adjustment Counselor, Mathematics & Science Partnership, Mathematics & Science Leadership Initiative, Regional Safe Schools, Migrant Education, Title III English Language Learner, State Standards and Assessment, Title I School Improvement, Title I Reading First Technical Assistance, Title I Reading First Part B SEA, Library Services & Technology Act, and McKinney-Vento Homeless Children.

H. Capital Assets

Capital assets, such as equipment, are recorded in the applicable governmental or business-type activity columns in the government-wide financial statements. Expenditures for the acquisition are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The costs of capital assets are recorded as expenditures in the acquiring fund at the time of purchase and any proceeds from sales are recorded as receipts at the time of disposal in the governmental funds' statements for governmental activities.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair value in the year received. Capital assets are defined by the Regional Office of Education #41 as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

The provision for depreciation on fixed assets is provided on a straight-line basis. Estimated useful lives are as follows:

Equipment	5-10 years
Office equipment	3-7 years

I. Cash Flows

For purposes of the Statement of Cash Flows, the Regional Office of Education considers all cash and all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

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

J. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. Compensated Absences

All Regional Office employees must use their annual vacation before November 30, and an accrual for this liability as of June 30, 2008 has been provided in the government-wide financial statements.

Accumulated sick pay benefits are available to all full-time employees to use in future years, up to 480 hours. They are eligible to be compensated for these unused sick days after attaining age 55 and employed for eight years. They will be compensated upon retirement only. If terminated, their unused sick days are forfeited. Per GASB Statement 16, we used the Vesting Method to calculate the necessary accrual. Under this method, the liability is measured based on those that are eligible to receive retirement payments and those who are expected to become eligible in future years.

As required by *Government Accounting Standards Board Interpretation 6*, the accrual for unused vacation and sick time is reflected when incurred in the government-wide financial statements, and is reflected in the governmental funds only when the liability is expected to be liquidated with expendable available financial resources.

L. New Accounting Pronouncements

Effective for the year ending June 30, 2008, the Regional Office of Education adopted Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and No. 27*. There was no significant impact on the Regional Office of Education's financial statements as a result of adopting GASB Statement No. 48.

**NOTE 2: CASH AND SAVINGS DEPOSITS**

Cash and savings deposits as of June 30, 2008 are classified in the financial statements as follows:

Total cash and savings deposits	<u>\$ 2,147,449</u>
---------------------------------	---------------------

Cash and savings deposits as of June 30, 2008 consist of the following:

Petty cash	\$ 1,830
Deposits with financial institution	1,633,101
Savings deposits	512,518
	<u>\$ 2,147,449</u>

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 2: CASH AND SAVINGS DEPOSITS (CONTINUED)**

Cash Deposits

At June 30, 2008, the Regional Office of Education had depository accounts with various local banks. The Regional Office of Education does not have a deposit policy. The accounts are checking and money market accounts with average annual interest rates of 1.38% and 2.18%, respectively, at June 30, 2008.

Cash & Money Market Account Deposits \$ 1,633,101

Savings Deposits

At June 30, 2008, the Regional Office of Education #41 had the following savings deposits:

Certificates of Deposit \$ 512,518

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Regional Office of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of certificates of deposits are within six months of year end as follows:

<u>Certificate of Deposit</u>	<u>Maturity Date</u>	<u>Fair Value</u>
First Mid-Illinois Bank & Trust	12/19/2008	\$ 100,050
First Mid-Illinois Bank & Trust	12/19/2008	100,050
Associated Bank	7/9/2008	106,073
Premier Bank of Jacksonville	6/30/2008	102,274
Premier Bank of Jacksonville	6/30/2008	<u>104,071</u>
		<u>\$ 512,518</u>

Credit Risk

The Regional Office of Education is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6); and Section 8-7 of the School Code. The Regional Office of Education has no investment policy that would further limit its investment choices. As of June 30, 2008, the Regional Office of Education was in compliance with these guidelines.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 2: CASH AND SAVINGS DEPOSITS (CONTINUED)**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a financial institution, the Regional Office of Education will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2008, the carrying amount of the Regional Office of Education's cash deposits was \$2,145,619 and the bank balance was \$2,239,720. As of June 30, 2008, \$220,805 of the bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

	Bank of Edwardsville	First Mid Illinois Bank & Trust	Premier Bank of Jacksonville	Associated Bank	Total
Insured	\$ 200,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Collateralized					
Collateral held by pledging bank's trust department in the Regional Office of Education's name	1,213,390		300,000	5,525	1,518,915
Uninsured		154,995	65,810		220,805
Total deposits	<u>\$ 1,413,390</u>	<u>\$ 254,995</u>	<u>\$ 465,810</u>	<u>\$ 105,525</u>	<u>\$ 2,239,720</u>

Concentration of Credit Risk

The Regional Office of Education places no limit on the amount invested in any one issuer. All of the Regional Office of Education's deposits, including the agency fund, are in deposits with Bank of Edwardsville (\$1,313,907), First Mid-Illinois Bank & Trust (\$255,095), Premier Bank of Jacksonville (\$470,544), and Associated Bank (\$106,073).

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for fiscal year 2008 was as follows:

Governmental activities

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Assets being depreciated:				
Equipment	\$ 724,765	\$ 68,158	\$ -	\$ 792,923
Less Accumulated Depreciation:	<u>497,215</u>	<u>75,737</u>	<u>-</u>	<u>572,952</u>
Governmental activity capital assets, net	<u>\$ 227,550</u>	<u>\$ (7,579)</u>	<u>\$ -</u>	<u>\$ 219,971</u>

Depreciation was charged to the Instructional Services activity.

Business-type activities - Enterprise Fund

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Equipment	\$ 2,500	\$ 5,982	\$ -	\$ 8,482
Less Accumulated depreciation:	<u>1,269</u>	<u>1,410</u>	<u>-</u>	<u>2,679</u>
Business-type activity capital assets, net	<u>\$ 1,231</u>	<u>\$ 4,572</u>	<u>\$ -</u>	<u>\$ 5,803</u>

**NOTE 4: COMPENSATED ABSENCES**

The ROE records a liability associated with compensated absences. During the fiscal year, the amount in this account decreased by \$58,442. At June 30, 2008, the balance in this account was \$45,275.

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Compensated absences	<u>\$ 103,717</u>	<u>\$ -</u>	<u>\$ 58,442</u>	<u>\$ 45,275</u>

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 5: ON-BEHALF PAYMENTS**

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois, and a significant portion of the operating expenditures of Madison County Regional Office of Education #41 are paid by Madison County, Illinois, in accordance with the statutes. The breakdown of the State and County on-behalf payments for the year ended June 30, 2008 is as follows:

Regional Superintendent Salary	\$ 105,761
Assistant Regional Superintendent Salary	95,185
Regional Superintendent Benefits (Includes State paid insurance)	21,188
Assistant Regional Superintendent Benefits (Includes State paid insurance)	20,505
Teacher Retirement System pension contributions	236,440
Salaries of Office worker's paid by County	506,115
Rent for Office Space	38,880
County share of health insurance	62,891
County retirement contributions	<u>30,724</u>
Total	<u>\$ 1,117,689</u>

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

**NOTE 6: INTERFUND TRANSFERS**

Following is a summary of interfund transfers for the year ended June 30, 2008:

	<u>Transferred In</u>	<u>Transferred Out</u>
Special Revenue Funds		
Lincoln Charter School	\$ 2,292	\$ -
Administrative Fund	<u>-</u>	<u>2,292</u>
Total	<u>\$ 2,292</u>	<u>\$ 2,292</u>



**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 7: DUE TO/FROM OTHER GOVERNMENTS**

The Regional Office of Education #41's General Fund, Agency Fund and various grant programs have funds due to and from various other governmental units which consist of the following:

Due From Other Governments:

General Fund	
Illinois State Board of Education	<u>\$ 358,733</u>
Education Fund	
Illinois State Board of Education	<u>\$ 66,368</u>
Educational Therapy Center Fund	
Illinois State Board of Education	<u>\$ 83</u>

Due To Other Governments:

General Fund	
Illinois State Board of Education	<u>\$ 131,288</u>
Education Fund	
Illinois State Board of Education	<u>\$ 2,781</u>
Institute Fund	
Illinois State Superintendent of Education	<u>\$ 2,104</u>
Agency Fund	
State of Illinois – TRS & THIS	<u>\$ 2,500</u>

**NOTE 8: PENSION AND RETIREMENT COMMITMENTS**

Teacher's Retirement System of the State of Illinois

The Regional Office of Education participates in the Teacher's 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 non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2008 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2007 and 2006.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 8: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)**

Teacher's Retirement System of the State of Illinois (Continued)

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 0.63 percent during the year ended June 30, 2008 and the member THIS Fund health insurance contribution was 0.84 percent.

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

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Regional Office of Education recognized revenues and expenditures of \$236,440 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 9.78 percent (\$195,982) and 7.06 percent (\$140,796), respectively.

The state contributions to TRS for the year ended June 30, 2008 were based on an actuarial formula. The state contributions for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined.

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2008 were \$9,295. Contributions for the years ending June 30, 2007, and June 30, 2006, were \$10,725 and \$10,591, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education, there is a statutory requirement for the Regional Office of Education to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2007 and 2006, the employer contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008, salaries totaling \$112,213 were paid from federal and trust funds that required employer contributions of \$14,711. For the years ended June 30, 2007 and June 30, 2006, required Regional Office of Education contributions were \$10,673 and \$10,582, respectively.

- **Early retirement option.** The Regional Office of Education 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 age and salary of the member and under which ERO program the member retires.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 8: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)**

Teacher's Retirement System of the State of Illinois (Continued)

Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired on June 30, 2005, provided they met certain conditions and retired 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 qualified for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 100 percent of the member's highest salary used in the final average salary calculation.

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

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

For the year ended June 30, 2008, the Regional Office of Education paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2007 and June 30, 2006, there were no employer ERO contributions required.

- **Salary increased over 6 percent and excess sick leave.** Public Act 94-0004 added two additional employer contributions to TRS.

- If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2008, the Regional Office of Education paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007 and June 30, 2006, there was no money paid to TRS for employer contributions due on salary increases in excess of 6 percent.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2008).

For the year ended June 30, 2008, the Regional Office of Education paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2007 and June 30, 2006, there were no payments made in employer contributions granted for sick leave days.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 8: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)**

Teacher's Retirement System of the State of Illinois (Continued)

**Further information**

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2007. The report for the year ended June 30, 2008 is expected to be available in late 2008.

The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS website at [trs.illinois.gov](http://trs.illinois.gov).

Non-certified employees are paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government.

**NOTE 9: DEFICIT FUND BALANCE**

The following individual funds were found to have a deficit fund balances at June 30, 2008.

Title I School Improvement	\$ 2,700
Day Program	\$ 64,540
Bus Driver Training	\$ 210

These are expected to correct themselves in future years through ordinary operations.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

In the normal course of operations, the Regional Office receives grant funds from various federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Significant losses are covered by the commercial insurance for all major programs: property, liability, and workman's compensation. During the year ended June 30, 2008 there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**NOTE 11: RESTATEMENT OF FUND BALANCES**

Beginning fund balances for the Governmental Funds and the Proprietary Funds were restated to properly reflect the Institute Fund as a governmental fund. As a result of this restatement, the beginning fund balance in the Governmental Funds increased \$ 241,074 and the Proprietary Funds decreased \$ 241,074.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2008**

**NOTE 12: OPERATING LEASES**

Lease 1: On August 1, 2003, the Regional Office of Education entered into a lease agreement with Alton Community Unit School District No. 11 for rental of the building at 409 Main Street, Alton (Clara Barton School) for five years beginning August 1, 2003 and terminating July 31, 2008. The lease requires \$20,000 annually, with semi-annual payments due in August and February. Lease expense for this building for the year ended June 30, 2008 was \$20,000.

This lease was terminated on July 31, 2008.

Lease 2: On September 1, 1997, the Regional Office of Education entered into a lease agreement with Madison County Buildings and Lands Committee for rental of the facility at 200 Clay Street, Edwardsville (School Improvement and Technology Hub service center) for one year beginning on September 1, 1997 and terminating on August 31, 1998, with an option for yearly renewals. The current lease requires \$24,000 annually, payable semi-annually. Lease expense for this facility for the year ended June 30, 2008 was \$24,000.

Lease 3: On April 28, 2008, the Regional Office of Education entered into a lease agreement with Triad Community Unit School District No. 2. for rental of the building at 201 Staunton Road, Troy (Freeman School) for one year beginning on August 1, 2008 and terminating July 31, 2009. The lease requires \$35,000 annually with four installments of \$8,750 to be paid August 1, 2008, November 1, 2008, February 1, 2009, and May 1, 2009. This lease agreement includes an option to purchase during fiscal year 2009.

Minimum future rental payments under non-cancelable leases having remaining terms in excess of 1 year as of June 30, 2008 for each of the next applicable five years in the aggregate are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2009	\$ 59,000

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #41  
MADISON COUNTY  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008**

The following schedules provide additional detail on balances and activities of Regional Office of Education #41 government and its operations.

**Major Funds**

The general fund and the education funds are comprised of various fund accounts that provide additional control and information about specific resources and expenditures of these funds. More detailed schedules of the general fund and the education fund have been provided.

**Nonmajor Funds**

Nonmajor governmental funds consist of all special revenue funds which are not included in the education fund. Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. Schedules have been provided for all nonmajor special revenue funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
GENERAL FUND  
COMBINING SCHEDULE OF ACCOUNTS  
June 30, 2008**

	<b>Technology Hub</b>	<b>School Improvement</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 124,750	\$ 26,832	\$ 151,582
Due from other governments	358,733	-	358,733
Accounts receivable	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 483,483</b>	<b>\$ 26,832</b>	<b>\$ 510,315</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 218,459	\$ 17,677	\$ 236,136
Due to other governments	131,205	83	131,288
Accrued payroll	5,263	6,375	11,638
Deferred revenue	126,800	1,396	128,196
Total liabilities	481,727	25,531	507,258
<b>FUND BALANCE</b>			
Fund balance - unreserved	1,756	1,301	3,057
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 483,483</b>	<b>\$ 26,832</b>	<b>\$ 510,315</b>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
GENERAL FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2008**

	<b>Technology Hub</b>	<b>School Improvement</b>	<b>Total</b>
<b>REVENUES</b>			
State revenue	\$ 552,713	\$ 375,352	\$ 928,065
On-behalf revenue	-	1,117,689	1,117,689
Interest	-	27	27
Total Revenues	<u>552,713</u>	<u>1,493,068</u>	<u>2,045,781</u>
<b>EXPENDITURES</b>			
Salaries	213,847	194,081	407,928
Benefits	32,239	37,466	69,705
Purchased services	72,648	97,718	170,366
Supplies and materials	12,857	27,360	40,217
Capital outlay	5,440	18,324	23,764
Other	-	430	430
Payments to other governmental units	216,745	-	216,745
On-behalf payments	-	1,117,689	1,117,689
Total Expenditures	<u>553,776</u>	<u>1,493,068</u>	<u>2,046,844</u>
Revenues over/(under) expenditures	(1,063)	-	(1,063)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,063)	-	(1,063)
Fund Balance, Beginning of year	<u>2,819</u>	<u>1,301</u>	<u>4,120</u>
Fund Balance, End of year	<u>\$ 1,756</u>	<u>\$ 1,301</u>	<u>\$ 3,057</u>

See notes to the financial statements and independent auditor's report.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Technology Hub			School Improvement			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>									
State revenue	\$ 683,401	\$ 552,713	\$ (130,688)	\$ 375,391	\$ 375,352	\$ (39)	\$ 1,058,792	\$ 928,065	\$ (130,727)
On-behalf revenue	-	-	-	-	1,117,689	1,117,689	-	1,117,689	1,117,689
Interest	-	-	-	-	27	27	-	27	27
Total revenues	<u>683,401</u>	<u>552,713</u>	<u>(130,688)</u>	<u>375,391</u>	<u>1,493,068</u>	<u>1,117,677</u>	<u>1,058,792</u>	<u>2,045,781</u>	<u>986,989</u>
<b>EXPENDITURES</b>									
Salaries	212,238	213,847	(1,609)	199,000	194,081	4,919	411,238	407,928	3,310
Benefits	32,368	32,239	129	37,371	37,466	(95)	69,739	69,705	34
Purchased services	73,026	72,648	378	91,200	97,718	(6,518)	164,226	170,366	(6,140)
Supplies and materials	11,425	12,857	(1,432)	29,400	27,360	2,040	40,825	40,217	608
Capital outlay	6,394	5,440	954	18,000	18,324	(324)	24,394	23,764	630
Other	-	-	-	420	430	(10)	420	430	(10)
Payments to other governmental units	347,950	216,745	131,205	-	-	-	347,950	216,745	131,205
On-behalf payments	-	-	-	-	1,117,689	(1,117,689)	-	1,117,689	(1,117,689)
Total expenditures	<u>683,401</u>	<u>553,776</u>	<u>129,625</u>	<u>375,391</u>	<u>1,493,068</u>	<u>(1,117,677)</u>	<u>1,058,792</u>	<u>2,046,844</u>	<u>(988,052)</u>
Revenue over/(under) expenditures	\$ -	(1,063)	\$ (1,063)	\$ -	-	\$ -	\$ -	(1,063)	\$ (1,063)
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances		(1,063)			-			(1,063)	
Fund Balance, Beginning of year		<u>2,819</u>			<u>1,301</u>			<u>4,120</u>	
Fund Balance, End of year		<u>\$ 1,756</u>			<u>\$ 1,301</u>			<u>\$ 3,057</u>	

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2008**

ASSETS	Truants	Vocational	Mathematics	Regional	General	Migrant	Title III	State
	Alternative & Optional Education Project							
Cash and savings deposits (overdrafts)	\$ 7,469	\$ 30,018	\$ 43,449	\$ 48,210	\$ 598,585	\$ 15,208	\$ 1,663	\$ 5,337
Due from other governments	-	4,571	-	-	-	-	-	-
Total Assets	\$ 7,469	\$ 34,589	\$ 43,449	\$ 48,210	\$ 598,585	\$ 15,208	\$ 1,663	\$ 5,337

**LIABILITIES AND FUND BALANCE**

LIABILITIES								
Accounts payable	\$ 1,593	\$ 4,150	\$ 13,770	\$ 2,936	\$ 17,027	\$ 1,508	\$ 624	\$ -
Accrued payroll	5,779	3,493	-	35,057	7,406	673	-	-
Due to other governments	8	-	-	357	-	1,377	1,039	-
Deferred revenue	41	-	29,679	-	-	11,650	-	-
Total liabilities	7,421	7,643	43,449	38,350	24,433	15,208	1,663	-
FUND BALANCE								
Fund Balance - Unreserved	48	26,946	-	9,860	574,152	-	-	5,337
Total Liabilities and Fund Balance (Deficit)	\$ 7,469	\$ 34,589	\$ 43,449	\$ 48,210	\$ 598,585	\$ 15,208	\$ 1,663	\$ 5,337

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2008**

ASSETS	Title I School Improvement	Title I		Library Services & Technology Act	McKinney- Vento Homeless Children		Standards Aligned Classroom	Total
		Reading First Technical Assistance	Reading First Part B SEA					
Cash and savings deposits (overdrafts)	\$ (2,700)	\$ (22,205)	\$ (30,788)	\$ -	\$ 35,850	\$ 3,233	\$ 733,329	
Due from other governments	-	22,520	39,277	-	-	-	66,368	
Total Assets	\$ (2,700)	\$ 315	\$ 8,489	\$ -	\$ 35,850	\$ 3,233	\$ 799,697	

**LIABILITIES AND FUND BALANCE**

LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 6,687	\$ -	\$ -	\$ -	\$ 48,295	
Accrued payroll	-	-	1,440	-	-	-	53,848	
Due to other governments	-	-	-	-	-	-	2,781	
Deferred revenue	-	315	362	-	35,850	1,212	79,109	
Total liabilities	-	315	8,489	-	35,850	1,212	184,033	
FUND BALANCE								
Fund Balance - Unreserved	(2,700)	-	-	-	-	2,021	615,664	
Total Liabilities and Fund Balance (Deficit)	\$ (2,700)	\$ 315	\$ 8,489	\$ -	\$ 35,850	\$ 3,233	\$ 799,697	

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**EDUCATION FUND ACCOUNTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2008**

	Truants Alternative & Optional Education Project	Vocational Adjustment Counselor	Mathematics & Science Partnership	Regional Safe Schools	General State Aid	Migrant Education	Title III English Language Learner	State Standards & Assessment
<b>REVENUES</b>								
Local revenue	\$ -	\$ 58,346	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ -
State revenue	64,225	13,600	-	376,738	323,226	-	-	18,878
Federal revenue	-	116,569	170,930	-	-	21,394	3,993	-
Interest	-	310	141	190	14,018	-	-	81
Total revenues	64,225	188,825	171,071	376,928	337,255	21,394	3,993	18,959
<b>EXPENDITURES</b>								
Salaries	50,504	148,655	10,649	336,407	58,703	16,624	-	16,653
Benefits	12,467	32,333	1,580	35,384	42,511	1,624	-	1,316
Purchased services	1,254	11,332	148,319	9,111	77,714	2,894	3,411	75
Supplies and materials	-	142	9,764	-	23,171	252	582	-
Capital Outlay	-	-	759	-	300	-	-	-
Other	-	-	-	-	1,330	-	-	-
Total expenditures	64,225	192,462	171,071	380,902	203,729	21,394	3,993	18,044
Revenue over (under) expenditures	-	(3,637)	-	(3,974)	133,526	-	-	915
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	(3,637)	-	(3,974)	133,526	-	-	915
Fund Balance (Deficit), Beginning of year - restated	48	30,583	-	13,834	440,626	-	-	4,422
Fund Balance (Deficit), End of year	\$ 48	\$ 26,946	\$ -	\$ 9,860	\$ 574,152	\$ -	\$ -	\$ 5,337

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**EDUCATION FUND ACCOUNTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2008**

	<b>Title I School Improvement</b>	<b>Title I Reading Technical Assistance</b>	<b>Title I Reading First Part B SEA</b>	<b>Library Services &amp; Technology Act</b>	<b>McKinney- Vento Homeless Children</b>	<b>Standards Aligned Classroom</b>	<b>Total</b>
<b>REVENUES</b>							
Local revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,357
State revenue	-	-	-	-	-	-	796,667
Federal revenue	61,180	75,481	191,558	2,825	4,561	13,500	661,991
Interest	-	-	42	-	-	-	14,782
<b>Total revenues</b>	<b>61,180</b>	<b>75,481</b>	<b>191,600</b>	<b>2,825</b>	<b>4,561</b>	<b>13,500</b>	<b>1,531,797</b>
<b>EXPENDITURES</b>							
Salaries	50,253	13,054	54,662	-	-	7,646	763,810
Benefits	9,125	2,999	12,286	-	-	768	152,393
Purchased services	2,372	2,232	97,766	1,425	1,630	1,886	361,421
Supplies and materials	-	57,196	24,600	1,400	2,931	3,200	123,238
Capital Outlay	-	-	2,286	-	-	-	3,345
Other	-	-	-	-	-	-	1,330
<b>Total expenditures</b>	<b>61,750</b>	<b>75,481</b>	<b>191,600</b>	<b>2,825</b>	<b>4,561</b>	<b>13,500</b>	<b>1,405,537</b>
Revenue over (under) expenditures	(570)	-	-	-	-	-	126,260
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(570)	-	-	-	-	-	126,260
Fund Balance (Deficit), Beginning of year - restated	(2,130)	-	-	-	-	2,021	489,404
Fund Balance (Deficit), End of year	\$ (2,700)	\$ -	\$ -	\$ -	\$ -	\$ 2,021	\$ 615,664

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Truants Alternative / Optional Education Project			Vocational Adjustment Counselor		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Local revenue	\$ -	\$ -	\$ -	\$ -	\$ 58,346	\$ 58,346
State revenue	64,233	64,225	(8)	-	13,600	13,600
Federal revenue	-	-	-	116,569	116,569	-
Interest	-	-	-	-	310	310
Total revenues	<u>64,233</u>	<u>64,225</u>	<u>(8)</u>	<u>116,569</u>	<u>188,825</u>	<u>72,256</u>
<b>EXPENDITURES</b>						
Salaries	50,504	50,504	-	105,424	148,655	(43,231)
Benefits	12,475	12,467	8	8,300	32,333	(24,033)
Purchased services	1,254	1,254	-	-	11,332	(11,332)
Supplies and materials	-	-	-	-	142	(142)
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	2,845	-	2,845
Payments to other governmental units	-	-	-	-	-	-
Total expenditures	<u>64,233</u>	<u>64,225</u>	<u>8</u>	<u>116,569</u>	<u>192,462</u>	<u>(75,893)</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,637)</u>	<u>\$ (3,637)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	(3,637)	-	-
Fund Balance, Beginning of year	48	48		30,583	30,583	
Fund Balance, End of year	<u>\$ 48</u>	<u>\$ 48</u>		<u>\$ 26,946</u>	<u>\$ 26,946</u>	

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Mathematics & Science Partnership (2008)			Mathematics & Science Partnership (2007)			Variance Positive (Negative)
	Budget	Actual	Variance Positive (Negative)	Budget	July 1, 2006- June 30, 2007 Actual	July 1, 2007- June 30, 2008 Actual	
<b>REVENUES</b>							
Local revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State revenue	-	-	-	-	-	-	-
Federal revenue	224,803	118,693	(106,110)	254,617	180,293	43,957	(30,367)
Interest	-	-	-	-	54	141	195
Total revenues	<u>224,803</u>	<u>118,693</u>	<u>(106,110)</u>	<u>254,617</u>	<u>180,347</u>	<u>44,098</u>	<u>(30,172)</u>
<b>EXPENDITURES</b>							
Salaries	14,756	3,561	11,195	17,480	9,315	7,088	1,077
Benefits	2,385	424	1,961	2,654	1,099	1,156	399
Purchased services	190,362	104,473	85,889	216,483	156,195	35,566	24,722
Supplies and materials	16,500	9,476	7,024	18,000	13,738	288	3,974
Capital Outlay	800	759	41	-	-	-	-
Other	-	-	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-	-	-
Total expenditures	<u>224,803</u>	<u>118,693</u>	<u>106,110</u>	<u>254,617</u>	<u>180,347</u>	<u>44,098</u>	<u>30,172</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-	-	-	-
Fund Balance, End of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Mathematics & Science Leadership Initiative			Regional Safe Schools		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Local revenue	\$ -	-	\$ -	\$ -	-	\$ -
State revenue	-	-	-	377,095	376,738	(357)
Federal revenue	24,500	8,280	(16,220)	-	-	-
Interest	-	-	-	-	190	190
Total revenues	<u>24,500</u>	<u>8,280</u>	<u>(16,220)</u>	<u>377,095</u>	<u>376,928</u>	<u>(167)</u>
<b>EXPENDITURES</b>						
Salaries	-	-	-	333,544	336,407	(2,863)
Benefits	-	-	-	34,440	35,384	(944)
Purchased services	24,500	8,280	16,220	9,111	9,111	-
Supplies and materials	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-	-
Total expenditures	<u>24,500</u>	<u>8,280</u>	<u>16,220</u>	<u>377,095</u>	<u>380,902</u>	<u>(3,807)</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,974)</u>	<u>\$ (3,974)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	(3,974)	(3,974)	(3,974)
Fund Balance, Beginning of year	-	-	-	13,834	13,834	13,834
Fund Balance, End of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 9,860</u>	<u>9,860</u>	<u>\$ 9,860</u>

See notes to the financial statements and independent auditor's report.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Migrant Education (2008-00)		Migrant Education (2008-01)		Variance
	Budget	Actual	Budget	Actual	Positive (Negative)
<b>REVENUES</b>					
Local revenue	\$ -	-	\$ -	-	\$ -
State revenue	-	-	-	-	-
Federal revenue	15,000	13,027	14,386	2,819	(11,567)
Interest	-	-	-	-	-
Total revenues	<u>15,000</u>	<u>13,027</u>	<u>14,386</u>	<u>2,819</u>	<u>(11,567)</u>
<b>EXPENDITURES</b>					
Salaries	10,946	10,604	6,422	1,750	4,672
Benefits	1,703	800	327	188	139
Purchased services	2,351	1,623	6,637	629	6,008
Supplies and materials	-	-	1,000	252	748
Capital Outlay	-	-	-	-	-
Other	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-
Total expenditures	<u>15,000</u>	<u>13,027</u>	<u>14,386</u>	<u>2,819</u>	<u>11,567</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-	-
Fund Balance, End of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Migrant Education (2007)			Title III English Language Learner		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Local revenue	\$ -	-	\$ -	-	-	\$ -
State revenue	-	-	-	-	-	-
Federal revenue	8,000	5,548	(2,452)	5,000	3,993	(1,007)
Interest	-	-	-	-	-	-
Total revenues	<u>8,000</u>	<u>5,548</u>	<u>(2,452)</u>	<u>5,000</u>	<u>3,993</u>	<u>(1,007)</u>
<b>EXPENDITURES</b>						
Salaries	5,584	4,270	1,314	-	-	-
Benefits	852	636	216	-	-	-
Purchased services	1,564	642	922	4,500	3,411	1,089
Supplies and materials	-	-	-	500	582	(82)
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-	-
Total expenditures	<u>8,000</u>	<u>5,548</u>	<u>2,452</u>	<u>5,000</u>	<u>3,993</u>	<u>1,007</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-	-	-
Fund Balance (Deficit), End of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	State Standards & Assessment			Title I School Improvement		
	Budget	July 1, 2006- June 30, 2007 Actual	July 1, 2007- June 30, 2008 Actual	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Local revenue	\$ -	-	-	\$ -	-	\$ -
State revenue	95,570	40,264	18,878	-	-	-
Federal revenue	-	-	-	200,602	61,180	(139,422)
Interest	-	39	81	-	-	-
Total revenues	<u>95,570</u>	<u>40,303</u>	<u>18,959</u>	<u>200,602</u>	<u>61,180</u>	<u>(139,422)</u>
<b>EXPENDITURES</b>						
Salaries	95,570	33,775	16,653	200,602	50,253	150,349
Benefits	-	2,857	1,316	-	9,125	(9,125)
Purchased services	-	1,101	75	-	2,372	(2,372)
Supplies and materials	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-	-
Total expenditures	<u>95,570</u>	<u>37,733</u>	<u>18,044</u>	<u>200,602</u>	<u>61,750</u>	<u>138,852</u>
Revenue over (under) expenditures	\$ -	2,570	915	\$ -	(570)	\$ (570)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances		2,570	915		(570)	
Fund Balance, Beginning of year		1,852	4,422		(2,130)	
Fund Balance (Deficit), End of year	\$ -	<u>4,422</u>	<u>\$ 5,337</u>	\$ -	<u>(2,700)</u>	\$ (570)

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Title I - Reading First Technical Assistance			Title I - Reading First Part B SEA		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Local revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State revenue	-	-	-	-	-	-
Federal revenue	75,843	75,481	(362)	237,866	191,558	(46,308)
Interest	-	-	-	-	42	42
Total revenues	<u>75,843</u>	<u>75,481</u>	<u>(362)</u>	<u>237,866</u>	<u>191,600</u>	<u>(46,266)</u>
<b>EXPENDITURES</b>						
Salaries	16,282	13,054	3,228	57,345	54,662	2,683
Benefits	3,683	2,999	684	12,744	12,286	458
Purchased services	5,756	2,232	3,524	144,221	97,766	46,455
Supplies and materials	50,122	57,196	(7,074)	21,556	24,600	(3,044)
Capital Outlay	-	-	-	2,000	2,286	(286)
Other	-	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-	-
Total expenditures	<u>75,843</u>	<u>75,481</u>	<u>362</u>	<u>237,866</u>	<u>191,600</u>	<u>46,266</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-	-	-
Fund Balance (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2008**

	Library Services & Technology Act			McKinney - Vento Homeless Children		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Local revenue	-	-	\$ -	-	-	\$ -
State revenue	-	-	-	-	-	-
Federal revenue	2,825	2,825	-	60,235	4,561	(55,674)
Interest	-	-	-	-	-	-
Total revenues	<u>2,825</u>	<u>2,825</u>	<u>-</u>	<u>60,235</u>	<u>4,561</u>	<u>(55,674)</u>
<b>EXPENDITURES</b>						
Salaries	-	-	-	27,000	-	27,000
Benefits	-	-	-	-	-	-
Purchased services	1,425	1,425	-	27,500	1,630	25,870
Supplies and materials	1,400	1,400	-	5,735	2,931	2,804
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-	-
Total expenditures	<u>2,825</u>	<u>2,825</u>	<u>-</u>	<u>60,235</u>	<u>4,561</u>	<u>55,674</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		-			-	
Transfers out		-			-	
Total other financing sources (uses)		<u>-</u>			<u>-</u>	
Net change in fund balances		-			-	
Fund Balance, Beginning of year		-			-	
Fund Balance, End of year		<u>\$ -</u>			<u>\$ -</u>	

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
EDUCATIONAL THERAPY CENTER FUND  
COMBINING SCHEDULE OF ACCOUNTS  
June 30, 2008**

	<b>Unemployment Reserve</b>	<b>Lunch Account Program</b>	<b>Day Program</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and savings deposits	\$ 162,855	\$ 22,702	\$ (28,258)	\$ 157,299
Accounts receivable	-	-	53,254	53,254
Due from other governments	-	83	-	83
<b>TOTAL ASSETS</b>	<b>\$ 162,855</b>	<b>\$ 22,785</b>	<b>\$ 24,996</b>	<b>\$ 210,636</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 20,797	\$ 20,797
Accrued payroll	-	-	68,739	68,739
Total liabilities	-	-	89,536	89,536
<b>FUND BALANCE</b>				
Fund balance - unreserved	162,855	22,785	(64,540)	121,100
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 162,855</b>	<b>\$ 22,785</b>	<b>\$ 24,996</b>	<b>\$ 210,636</b>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**EDUCATIONAL THERAPY CENTER FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2008**

	<b>Unemployment Reserve</b>	<b>Lunch Account Program</b>	<b>Day Program</b>	<b>Total</b>
<b>REVENUES</b>				
Local revenue	\$ -	\$ 4,851	\$ 865,452	\$ 870,303
State revenue	-	1,281	-	1,281
Federal revenue	-	23,163	-	23,163
Interest	4,596	533	2,566	7,695
Total revenues	<u>4,596</u>	<u>29,828</u>	<u>868,018</u>	<u>902,442</u>
<b>EXPENDITURES</b>				
Salaries	-	-	826,518	826,518
Benefits	-	-	140,610	140,610
Purchased services	-	30,100	32,560	62,660
Supplies and materials	-	-	33,823	33,823
Other	-	-	300	300
Total expenditures	<u>-</u>	<u>30,100</u>	<u>1,033,811</u>	<u>1,063,911</u>
Revenue over (under) expenditures	4,596	(272)	(165,793)	(161,469)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,596	(272)	(165,793)	(161,469)
Fund Balance, Beginning of year	<u>158,259</u>	<u>23,057</u>	<u>101,253</u>	<u>282,569</u>
Fund Balance, End of year	<u>\$ 162,855</u>	<u>\$ 22,785</u>	<u>\$ (64,540)</u>	<u>\$ 121,100</u>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

June 30, 2008

ASSETS	GED	Bus Driver Training	Supervisory Expense	Admini- strative	Lincoln Charter Schools	TOTALS
Cash and savings deposits	\$ 14,657	\$ (190)	\$ -	\$ 92,166	\$ -	\$ 106,633
Accounts receivable	-	-	-	18,686	-	18,686
<b>TOTAL ASSETS</b>	<u>\$ 14,657</u>	<u>\$ (190)</u>	<u>\$ -</u>	<u>\$ 110,852</u>	<u>\$ -</u>	<u>\$ 125,319</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 569	20	\$ -	\$ 16,019	\$ -	\$ 16,608
Total liabilities	569	20	-	16,019	-	16,608
<b>FUND BALANCE</b>						
Fund balance (deficit) - unreserved	14,088	(210)	-	94,833	-	108,711
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 14,657</u>	<u>\$ (190)</u>	<u>\$ -</u>	<u>\$ 110,852</u>	<u>\$ -</u>	<u>\$ 125,319</u>

See notes to the financial statements and independent auditor's report.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2008

	GED	Bus Driver Training	Supervisory Expense	Admini- strative	Lincoln Charter Schools	TOTAL
<b>REVENUES</b>						
Local revenue	\$ 21,344	\$ 3,154	\$ -	\$ 136,019	\$ 26	\$ 160,543
State revenue	-	1,455	1,000	-	-	2,455
Federal revenue	-	-	-	-	-	-
Interest	378	40	10	1,265	-	1,693
Total revenues	<u>21,722</u>	<u>4,649</u>	<u>1,010</u>	<u>137,284</u>	<u>26</u>	<u>164,691</u>
<b>EXPENDITURES</b>						
Salaries	-	-	-	-	-	-
Benefits	1,020	31	-	-	2,318	3,369
Purchased services	16,045	6,362	1,010	83,058	-	106,475
Supplies and materials	7,496	207	-	4,096	-	11,799
Capital outlay	-	3,896	-	15,462	-	19,358
Other	-	-	-	2,784	-	2,784
Total expenditures	<u>24,561</u>	<u>10,496</u>	<u>1,010</u>	<u>105,400</u>	<u>2,318</u>	<u>143,785</u>
Revenue over (under) expenditures	<u>(2,839)</u>	<u>(5,847)</u>	<u>-</u>	<u>31,884</u>	<u>(2,292)</u>	<u>20,906</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	2,292	2,292
Transfers out	-	-	-	(2,292)	-	(2,292)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,292)</u>	<u>2,292</u>	<u>-</u>
Net change in fund balances	<u>(2,839)</u>	<u>(5,847)</u>	<u>-</u>	<u>29,592</u>	<u>-</u>	<u>20,906</u>
Fund Balance, Beginning of year - restated	<u>16,927</u>	<u>5,637</u>	<u>-</u>	<u>65,241</u>	<u>-</u>	<u>87,805</u>
Fund Balance, End of year	<u>\$ 14,088</u>	<u>\$ (210)</u>	<u>\$ -</u>	<u>\$ 94,833</u>	<u>\$ -</u>	<u>\$ 108,711</u>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended June 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<b><u>TRS &amp; THIS Fund</u></b>				
<b>ASSETS</b>				
Cash (overdraft)	\$ (6,168)	\$ 179,157	\$ 170,553	\$ 2,436
Accounts receivable	<u>4,375</u>	<u>64</u>	<u>4,375</u>	<u>64</u>
 Total assets	 <u>\$ (1,793)</u>	 <u>\$ 179,221</u>	 <u>\$ 174,928</u>	 <u>\$ 2,500</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ (1,793)</u>	<u>\$ 179,221</u>	<u>\$ 174,928</u>	<u>\$ 2,500</u>

See notes to the financial statements and independent auditor's report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2008**

<b>Federal Grantor/Pass-Through Grantor, Program Title &amp; Major Program Designation</b>	<b>CFDA Number</b>	<b>Project Number</b>	<b>Federal Expenditures 7/1/07- 6/30/2008</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed through Illinois State Board of Education:</i>			
Title I - Migrant Education (M)		08-4340-00	13,027
Title I - Migrant Education (M)		08-4340-01	2,819
Title I - Migrant Education (M)		07-4340-01	5,548
	84.011		<u>21,394</u>
Title I - Reading First Part B SEA Funds (M)		08-4337-00	191,498
Title I - Reading First Part B SEA Funds (M)		07-4337-00	60
Title I - Reading First Part B SEA Funds (M)		08-4337-04	75,481
	84.357		<u>267,039</u>
Title III - English Language Learner		08-4999-PD	3,993
	84.365		<u>3,993</u>
Mathematics and Science Partnership (M)		08-4936-01	118,693
Mathematics and Science Partnership (M)		07-4936-01	43,957
<i>Passed through Southern Illinois University</i>			
Mathematics and Science Leadership Initiative (M)		6-23459	8,280
	84.366		<u>170,930</u>
<i>Passed through St Clair County Regional Office of Education #50:</i>			
Title I School Improvement and Accountability		08-4331-SS	61,180
	84.010		<u>61,180</u>
<i>Passed through Bond/Fayette/Effingham Counties Regional Office of Education #3:</i>			
Title I Standards Aligned Classroom Initiative		08-4999-00	13,500
	84.298		<u>13,500</u>
McKinney-Vento Homeless Children & Youth Program		08-4920-00	4,561
	84.196		<u>4,561</u>
<i>Passed through Illinois Department of Human Services (IDHS):</i>			
Vocational Adjustment Counselor	84.126	40C8001436	116,569
			<u>116,569</u>
Total U.S. Department of Education			<u><u>\$ 659,166</u></u>

The accompanying notes are an integral part of this schedule.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2008**

<b>Federal Grantor/Pass-Through Grantor, Program Title &amp; Major Program Designation</b>	<b>CFDA Number</b>	<b>Project Number</b>	<b>Federal Expenditures 7/1/07- 6/30/2008</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through ISBE:</i>			
School Breakfast Program		08-4220-00	6,678
		07-4220-00	1,143
	10.553		7,821
National School Lunch Program		08-4210-00	12,995
		07-4210-00	2,347
	10.555		15,342
Total U.S. Department of Agriculture			\$ 23,163
<b>INSTITUTE OF MUSEUM &amp; LIBRARY SERVICES</b>			
<i>Passed through Illinois State Library</i>			
Library Services and Technology Act		LS-00-07-0014-07	2,825
Total Institute of Museum & Library Services	45.310		2,825
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 685,154</b>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION #41  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2008**

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

**BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Madison County Regional Office of Education #41 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2: SUBRECIPIENTS**

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Amounts Provided to Recipients</u>
Math and Science Partnership Southern Illinois University Edwardsville	84.366	\$ 82,097

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

Mathematics and Science Partnership

The purpose of this grant was to target math and science teachers with content for professional development.

Title I – Reading First Part B SEA Funds

This fund is used to account for grant monies received for, and payment of, professional development in the area of reading for teachers in Madison County.

Title I – Migrant Education

This fund is used to account for grant monies received for, and payment of, outreach services for migrant workers in the Madison County Area.

**NOTE 4 - NON-CASH ASSISTANCE**

Madison County Regional Office of Education #41 did not receive any federal non-cash assistance.

**NOTE 5 - LOANS AND INSURANCE**

There were no federal awards received or disbursed by the Madison County Regional Office of Education for the purpose of loans or insurance.