

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the Year Ended June 30, 2006**

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

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 For the Year Ended June 30, 2006**

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**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
For the Year Ended June 30, 2006**

**OFFICIALS**

Regional Superintendent (Current and during audit period)

Mr. Marc L. Kiehna

Assistant Regional Superintendent (Current and during audit period)

Mr. Kelton J.V. Davis

Offices are located at:

107 East Mill Street  
Waterloo, Illinois 62298

Randolph County Courthouse  
#1 Taylor Street  
Chester, Illinois 62233

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
For the Year Ended  
June 30, 2006**

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

06-1	12	Controls Over Compliance with Laws and Regulations
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FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**For the Year Ended June 30, 2006**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel in an exit conference on December 19, 2006. Attending were Marc Kiehna, Regional Superintendent of Schools, Kelton Davis, Assistant Regional Superintendent, Linda Schmidt, Comptroller, Dale Holtmann, CPA, Special Assistant Auditor, J. W. Boyle & Co., Ltd., and Jill Branch, CPA, Special Assistant Auditor, J. W. Boyle & Co., Ltd. Responses to the recommendations were provided by Marc Kiehna, Regional Superintendent, on December 19, 2006.

## **FINANCIAL STATEMENT REPORT**

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### **Financial Presentation Examined**

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

The financial statement report is comprised of the following:

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

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### **Auditors' Reports**

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

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### **Findings and Recommendations**

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

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

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### **Financial Statements**

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

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
For the Year Ended June 30, 2006**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Regional Office of Education #45 was performed by J.W. Boyle & Co., Ltd.

Based on their audit, the auditors expressed a qualified opinion on the Regional Office of Education #45'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 #45, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #45's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #45's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The fiscal year ended June 30, 1996 audit report has not been finalized. In addition, the predecessor auditor's working papers for that year have not been available for review. Therefore, we are unable to satisfy ourselves regarding beginning balances reported in the prior year's financial statements and we are unsure of the status of finalizing the fiscal year ended June 30, 1996 audited financial statements including any unrecorded liabilities as described in Note 7.

In our opinion, except for the effects of such adjustments, if any, as might have been necessary had the working papers been reviewed and a final audit report issued for the fiscal year ended June 30, 1996, 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 #45, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 27, 2006 on our consideration of the Regional Office of Education #45's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 17a through 17h and 50 are 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 #45's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*J. W. Boyle & Co., Ltd.*

J. W. Boyle & Co., Ltd.

October 27, 2006

**J.W. BOYLE & CO., LTD.**

ESTABLISHED 1924

**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 #45, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #45's basic financial statements and have issued our report thereon dated October 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #45's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #45's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

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.*

J. W. Boyle & Co., Ltd.

October 27, 2006



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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #45 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Regional Office of Education #45'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 #45's management. Our responsibility is to express an opinion on the Regional Office of Education #45's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #45'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 #45's compliance with those requirements.

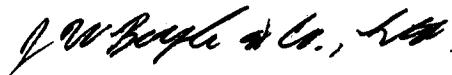
In our opinion, the Regional Office of Education #45 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Regional Office of Education #45 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 #45's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

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

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



J. W. Boyle & Co., Ltd.

October 27, 2006

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2006**

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

**Financial Statements**

Type of auditor's report issues: \_\_\_\_\_ Qualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Reportable condition(s) identified that are not considered to be material weakness(es) \_\_\_\_\_ Yes  X  None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Reportable condition(s) identified that are not considered to be material weakness(es) \_\_\_\_\_ Yes  X  None reported

Type of report issued on compliance  
 For major programs: \_\_\_\_\_ Unqualified

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

Identification of **major** programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.213C 17.267	Even Start Workforce Investment Act Incentive

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 #45  
MONROE AND RANDOLPH COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2006**

**Section II – Financial Statement Findings**

**FINDING NO.**            06-1  
**REPEATED FROM**    05-1

**Controls Over Compliance with Laws and Regulations**

**1. Criteria/specific requirement:**

- a. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands.

This mandate has existed in its current form since at least 1953.

- b. The Illinois School Code 105 ILCS 5/3-14.5 requires that the Regional Superintendent visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the school.

This mandate has existed in its current form since at least 1953.

**2. Condition:**

- a. The Regional Office of Education #45 is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

- b. The Regional Office of Education #45 is visiting each public school at least once a year and the methods of instruction, the branches taught, the discipline, government, and general condition of the school are all noted. However, the text-books used are not noted. Regional Office officials noted that they believe this mandate is outdated. Instruction is not driven by text-books but by State Standards. The Regional Superintendent is active in seeing that teachers are familiar with new methods of instruction through workshops organized by the Regional Office of Education.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2006**

**3. Effect:**

The Regional Office of Education #45 did not comply with statutory requirements.

**4. Cause:**

- a. The Regional Superintendent receives and reviews the independent audits of all the school districts. If there is a problem he follows up accordingly with the school in question. As a result the Regional Superintendent no longer considers the procedure as necessary.
- b. The Regional Superintendent has no control over the choice of textbooks. Instruction is driven by State Standards. The Regional Superintendent is active in the training of teachers in order to provide the most current methods of instruction and to insure that State Standards are achieved. As a result the Regional Superintendent no longer considers the procedure as necessary.

**5. Recommendation:**

- a. The Regional Office of Education #45 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.
- b. The Regional Office of Education #45 should comply with the requirements of 105 ILCS 5/3-14.5. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

**6. Management's response:**

- a. The Illinois Association of Regional Superintendents and the Illinois State Board of Education have agreed to seek legislation to remove duplicate and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- b. The Illinois Association of Regional Superintendents and the Illinois State Board of Education have agreed to seek legislation to remove duplicate and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23<sup>rd</sup> Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2006**

**Section III: Findings and Questioned Costs for Federal Awards**

**INSTANCES OF NONCOMPLIANCE:**

None

**REPORTABLE CONDITIONS**

None

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT – YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2006**

**Corrective Action Plan**

**Finding No. 06-1–Controls Over Compliance with Laws and Regulations**

**Condition:**

- a. The Regional Office of Education #45 is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

- b. The Regional Office of Education #45 is visiting each public school at least once a year and the methods of instruction, the branches taught, the discipline, government, and general condition of the school are all noted. However, the text-books used are not noted. Regional Office officials noted that they believe this mandate is outdated. Instruction is not driven by text-books but by State Standards. The Regional Superintendent is active in seeing that teachers are familiar with new methods of instruction through workshops organized by the Regional Office of Education.

**Plan:**

- c. The Illinois Association of Regional Superintendents and the Illinois State Board of Education have agreed to seek legislation to remove duplicate and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- d. The Illinois Association of Regional Superintendents and the Illinois State Board of Education have agreed to seek legislation to remove duplicate and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23<sup>rd</sup> Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

**Anticipated Date of Completion:**

As soon as practicable.

**Name of Contact Person:**

Marc Kiehna, Regional Superintendent

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2006**

<u><b>Finding Number</b></u>	<u><b>Condition</b></u>	<u><b>Current Status</b></u>
05-01	Books, accounts and vouchers of each school treasurer were not examined at least once a year.	Repeated.

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

# **REGIONAL OFFICE OF EDUCATION #45 MONROE AND RANDOLPH COUNTIES**

## **Management's Discussion and Analysis**

As management of Monroe Randolph Regional Office of Education #45 (ROE #45), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the ROE #45 for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with ROE #45's financial statements, which follow this section.

### **2006 Financial Highlights**

- The assets of Regional Office of Education #45 exceeded its liabilities by \$751,487 (net assets). Of this amount, \$222,884 is restricted for specific purposes of governmental activities and another \$114,936 is restricted for Institute activities. \$61,730 accounts for the capital assets with no related debt.
- The Regional Office of Education #45's total net assets decreased by \$9,107. This change was attributable to a decrease in capital assets from governmental activities that was not offset by additional acquisition of assets; a result of a decrease in grant revenues.
- The capital assets (net) of Regional Office of Education #45 decreased by \$42,566. A significant portion of this reduction was due to disposing of assets when operations were consolidated. The net change in accumulated depreciation was \$18,370. See footnote #3 for further details.

### **Overview of the Financial Statements**

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 #45 as a whole and present an overall view of the Agency's finances in a manner similar to private sector businesses.

See independent auditors' report.

- 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 #45'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.
- Required 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, and other non-major accounts.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of ROE #45's finances, in a manner similar to private-sector businesses.

The *Statement of Net Assets* presents information on all of ROE #45'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 #45 is improving or deteriorating.

The *Statement of Activities* presents information showing how ROE #45'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 #45's activities are divided into two categories:

- *Governmental activities*: Most of ROE #45'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 #45 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 18-19 of this report.

**Fund financial statements.** The *fund financial statements* provide detailed information about ROE #45's funds, focusing on its most significant or "major" funds, not ROE #45 as a whole. Funds are accounting devices ROE #45 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law. ROE #45 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 #45 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* account for most of ROE #45'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 Revenue, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ROE #45 maintains 5 individual governmental funds; the general fund, education fund, bus driver permit fund, general education development fund, and supervisory expense fund. Information is presented separately in the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the general fund and education fund, both considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20 and 22 of this report.

**Proprietary funds.** ROE #45 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 #45 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 Registration, Teacher's Institute, and Maidez Center Project funds, and they are all considered major funds.

The proprietary funds required financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets and a Statement of Cash Flows. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

See independent auditors' 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 #45's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statements can be found on page 27 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 28-49 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning ROE #45. Overall budgeting is not a legal requirement for ROE #45. Accordingly, formal budgets are not adopted; and therefore, budgetary comparison schedules are not included in the required supplementary information (RSI). However, ROE #45 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 53, 64-69, and 72-81 of this report. In addition, budgetary comparison schedules have been provided for the grants received from the Illinois Community College Board (ICCB), which can be found on pages 60-63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and combining statements for the general and education funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 51-84 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. In the case of ROE #45, assets exceeded liabilities by \$751,487 at the close of fiscal year 2006.

ROE #45's net assets are split approximately 85% to governmental activities and 15% to business-type activities. Of the governmental net assets, approximately 10% are invested in capital assets, 35% restricted as to use, and the remaining 55% unrestricted as to use.

### ROE 45's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Current and other assets</b>	\$ 589,887	\$ 571,342	\$ 117,806	\$ 121,965	\$ 707,693	\$ 693,307
<b>Capital assets</b>	61,730	104,296	-	-	61,730	104,296
<b>Total assets</b>	<u>651,617</u>	<u>675,638</u>	<u>117,806</u>	<u>121,965</u>	<u>769,423</u>	<u>797,603</u>
<b>Other liabilities</b>	15,066	31,465	2,870	5,544	17,936	37,009
<b>Long-term debt</b>	-	-	-	-	-	-
<b>Total liabilities</b>	<u>15,066</u>	<u>31,465</u>	<u>2,870</u>	<u>5,544</u>	<u>17,936</u>	<u>37,009</u>
<b>Net assets:</b>						
<b>Invested in capital assets,</b>						
<b>net of related debt</b>	61,730	104,296	-	-	61,730	104,296
<b>Restricted</b>	222,884	195,906	114,936	116,421	337,820	312,327
<b>Unrestricted</b>	<u>351,937</u>	<u>343,971</u>	<u>-</u>	<u>-</u>	<u>351,937</u>	<u>343,971</u>
<b>Total net assets</b>	<u>\$ 636,551</u>	<u>\$ 644,173</u>	<u>\$ 114,936</u>	<u>\$ 116,421</u>	<u>\$ 751,487</u>	<u>\$ 760,594</u>

During 2006, current assets, comprised predominately of cash and investments and receivables, increased \$14,386 due mainly to the consolidation of supporting facilities and subsequent auction of capital assets. As a result there was an increase in the amount of current assets and a subsequent net decrease of \$42,566 for capital assets. Other liabilities decreased \$19,073 due to a change in the vacation policy, all vacation must be taken prior to June 30 or it is lost. The net assets of the business-type activities remained relatively stable.

As indicated above, ROE #45 reported positive net assets for both the governmental and business-type activities. The assets of ROE #45 exceeded its liabilities at the close of the year by \$751,487 (net assets). Approximately 45% of net assets are restricted for specific use; \$222,884 is restricted for specific purposes of governmental activities and another \$114,936 is restricted for registration and institute activities. The investment in net capital assets was approximately \$61,730 at the end of 2006. ROE #45 uses these capital assets in providing services to its citizens; consequently, these assets are not available for future spending.

See independent auditors' report.

Net assets of ROE #45 decreased by \$9,107 during 2006. Governmental activities contributed \$7,622 of the negative change while the business-type activities remained relatively stable at \$1,485 decrease. Key elements of the change are as follows:

### ROE 45's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 7,641	\$ 8,181	\$ 74,046	\$ 65,857	\$ 81,687	\$ 74,038
Operating grants & contributions	643,026	740,481	-	-	643,026	740,481
General revenues:						
Local sources	269,982	272,066	-	-	269,982	272,066
State sources	57,689	59,913	-	-	57,689	59,913
Federal sources	-	-	-	-	-	-
On-behalf payments	221,554	245,307	-	-	221,554	245,307
Interest	5,734	3,847	3,427	1,983	9,161	5,830
Total revenues	1,205,626	1,329,795	77,473	67,840	1,283,099	1,397,635
Expenses:						
Salaries and benefits	711,403	796,642	27,792	28,228	739,195	824,870
Purchased services	205,188	225,887	38,997	26,130	244,185	252,017
Supplies and materials	43,067	52,077	8,633	15,469	51,700	67,546
Capital outlay	-	-	-	-	-	-
Other	323	1,472	3,536	5,390	3,859	6,862
Depreciation	26,390	35,684	-	-	26,390	35,684
On-behalf payments	221,554	245,307	-	-	221,554	245,307
Total expenses	1,207,925	1,357,069	78,958	75,217	1,286,883	1,432,286
Special item						
Loss on sale of capital assets	5,323	465	-	-	5,323	465
Increase (decrease) in net assets						
	(7,622)	(27,739)	(1,485)	(7,377)	(9,107)	(35,116)
Net assets-beginning	644,173	671,912	116,421	123,798	760,594	795,710
Net assets-ending	\$ 636,551	\$ 644,173	\$ 114,936	\$ 116,421	\$ 751,487	\$ 760,594

See independent auditors' report.

## **Governmental Activities**

Revenues for governmental activities were \$1,205,626 and expenses were \$1,207,925. In a difficult budget year, ROE #45 was able to maintain many services even with a marked reduction in revenue, resulting in nominal expenses exceeding revenues. Revenues decreased \$124,169, the most significant decrease was grant funding of almost \$98,000 followed by the on-behalf payments by the State which decreased \$23,753.

With the reduction in revenues, efforts were made to decrease costs to compensate for the decreased revenues. Overall governmental expenses were reduced approximately \$125,000 (exclusive of on-behalf payments) consisting primarily of a decrease of approximately \$85,000 in salaries and benefits, \$21,000 in purchased services, \$9,000 in supplies and materials and \$9,300 in depreciation. The salary and benefits decreased from a reduction in staff due to the expiration of certain grant funding. The decrease in purchased services and supplies and materials was also due to a reduction of grant funding. Depreciation decrease is a function of the age of the assets that are depreciated without replacement.

## **Business-Type Activities**

The charges for services increased by \$8,189 when compared to 2005 due in most part to increased number of workshops conducted by outside consultants. Salaries and benefits matched 2005 at approximately \$28,000, supplies and materials decreased by approximately \$6,800, and purchased services increased by approximately \$12,900 to conduct the increased workshops.

## **Financial Analysis of ROE #45's Funds**

**Governmental funds.** As previously noted, ROE #45 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. ROE #45's governmental funds reported combined fund balances of \$574,821, an increase of \$34,944 from last year's ending fund balance of \$539,877. The increase is primarily attributable to the proceeds from the auction of the capital assets due to the consolidation of certain functions. Factors concerning the changes in revenues and expenditures have already been addressed in the discussion of ROE #45's governmental activities.

The general fund is the chief operating fund of ROE #45. At the end of the current fiscal year, the unreserved and undesignated balance of the general fund increased by \$7,966 to \$351,937. The education fund increased \$31,461 to \$210,220. This increase is largely attributable to the proceeds from the sale of the capital items of almost \$15,000. In addition, the Regional Safe Schools program received additional funding this year. The education fund balance is restricted for specific education program use.

**Proprietary funds.** ROE #45's proprietary funds consist of enterprise funds. The enterprise fund activity is the same type of information found in the government-wide financial statements, but in more detail. Aspects concerning the finances have already been addressed in the discussion of ROE #45's business-type activities.

See independent auditors' report.

**Budgetary Highlights**

Presenting an overall budget is not a legal requirement of ROE #45. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not required in the financial statements.

ROE #45 acts as the administrative agent 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. In addition, budgetary comparison schedules have been provided for the grants received from the Illinois Community College Board (ICCB). Comparison of budgeted and actual results for various programs are presented as supplementary information.

**Capital Assets**

**ROE 45's Capital Assets  
Net of Accumulated Depreciation**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Equipment	\$ 61,730	\$ 104,296	\$ -	\$ -	\$ 61,730	\$ 104,296

At June 30, 2006 and June 30, 2005, ROE #45 had invested \$288,253 and \$349,189, respectively, in a broad range of capital assets, including office equipment, computers and audio-visual equipment.

ROE #45 had depreciation expense of \$26,390 and \$35,684 in 2006 and 2005, respectively, with accumulated depreciation of \$226,523 and \$244,893 at June 30, 2006 and 2005, respectively. More detailed information about capital assets is available in Note 3 to the financial statements.

As a result of consolidating offices, the ROE was able to auction off various office equipment that had an original cost of \$64,956 and accumulated depreciation of \$44,760. The sale price of \$14,873 resulted in a net loss on these assets of \$5,323.

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

At the time these financial statements were prepared and audited, ROE #45 was aware of only one existing circumstance that could affect its financial health in the future. ROE #45 has experienced a decrease in the amount of grant funds received from fiscal year 2005 to fiscal year 2006 and this trend could continue into future fiscal periods.

**Contacting ROE #45's Financial Management**

This financial report is designed to provide ROE #45's citizens, taxpayers and clients, with a general overview of ROE #45's finances and to demonstrate ROE #45's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent's Office of Monroe/Randolph Counties, ROE #45, 107 East Mill Street, Waterloo, Illinois 62298.

See independent auditor's report.

## **BASIC FINANCIAL STATEMENTS**

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 317,422	\$ 66,219	\$ 383,641
Investments	203,036	61,346	264,382
Prepaid Expenses	4,591	1,068	5,659
Due from other governments			
State	17,244	-	17,244
Other	34,094	-	34,094
Accounts receivable	-	2,673	2,673
Internal balances	13,500	(13,500)	-
<b>Total Current Assets</b>	<u>589,887</u>	<u>117,806</u>	<u>707,693</u>
<b>Noncurrent Assets:</b>			
Capital assets, being depreciated, net	61,730	-	61,730
<b>Total Noncurrent Assets</b>	<u>61,730</u>	<u>-</u>	<u>61,730</u>
<b>TOTAL ASSETS</b>	<u>651,617</u>	<u>117,806</u>	<u>769,423</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	11,376	10	11,386
Accrued wages and benefits	-	-	-
Due to other governments			
State	167	-	167
Deferred revenue	3,523	2,860	6,383
<b>Total current liabilities</b>	<u>15,066</u>	<u>2,870</u>	<u>17,936</u>
<b>Long-term Liabilities:</b>			
Commitments & contingencies	-	-	-
<b>Total Long-term Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>15,066</u>	<u>2,870</u>	<u>17,936</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	61,730	-	61,730
Restricted	222,884	114,936	337,820
Unrestricted	351,937	-	351,937
<b>TOTAL NET ASSETS</b>	<u>\$ 636,551</u>	<u>\$ 114,936</u>	<u>\$ 751,487</u>

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

STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2006

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
Instructional services:							
Salaries and benefits	\$ 711,403	\$ 2,444	\$ 522,558	\$ -	\$ (186,401)	\$ -	\$ (186,401)
Purchased services	205,188	4,492	82,916	-	(117,780)	-	(117,780)
Supplies and materials	43,067	705	33,447	-	(8,915)	-	(8,915)
Capital outlay	-	-	3,982	-	3,982	-	3,982
Other	323	-	123	-	(200)	-	(200)
Depreciation	26,390	-	-	-	(26,390)	-	(26,390)
Administrative							
On-behalf payments - state	221,554	-	-	-	(221,554)	-	(221,554)
On-behalf payments - local	-	-	-	-	-	-	-
Total governmental activities	<u>1,207,925</u>	<u>7,641</u>	<u>643,026</u>	<u>-</u>	<u>(557,258)</u>	<u>-</u>	<u>(557,258)</u>
Business-type activities							
Institute and registration services	78,958	74,046	-	-	-	(4,912)	(4,912)
Total business-type activities	<u>78,958</u>	<u>74,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,912)</u>	<u>(4,912)</u>
Total primary government	<u>\$ 1,286,883</u>	<u>\$ 81,687</u>	<u>\$ 643,026</u>	<u>\$ -</u>	<u>(557,258)</u>	<u>(4,912)</u>	<u>(562,170)</u>
General revenues:							
Local sources					269,982	-	269,982
State sources					57,689	-	57,689
Federal sources					-	-	-
On-behalf payments					221,554	-	221,554
Interest					5,734	3,427	9,161
Special item-loss on disposal of capital assets					(5,323)	-	(5,323)
Transfers					-	-	-
Total general revenues, special and extraordinary items, and transfers					549,636	3,427	553,063
Change in net assets					(7,622)	(1,485)	(9,107)
Net assets - beginning of year					644,173	116,421	760,594
Net assets - end of year					<u>\$ 636,551</u>	<u>\$ 114,936</u>	<u>\$ 751,487</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006**

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 165,853	\$ 138,905	\$ 12,664	\$ 317,422
Investments	117,447	85,589	-	203,036
Internal balances	63,084	167	-	63,251
Due from other governments				
State	-	17,244	-	17,244
Other	1,043	33,051	-	34,094
Prepaid expenses	4,510	81	-	4,591
<b>TOTAL ASSETS</b>	<b>\$ 351,937</b>	<b>\$ 275,037</b>	<b>\$ 12,664</b>	<b>\$ 639,638</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 11,376	\$ -	\$ 11,376
Accrued wages and benefits	-	-	-	-
Internal balances	-	49,751	-	49,751
Due to other governments				
State	-	167	-	167
Deferred revenue	-	3,523	-	3,523
Commitments and contingencies	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>64,817</b>	<b>-</b>	<b>64,817</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	-	-	-	-
Other purposes	-	-	-	-
Restricted	-	210,220	12,664	222,884
Unreserved, reported in:				
General fund	351,937	-	-	351,937
<b>Total fund balances</b>	<b>351,937</b>	<b>210,220</b>	<b>12,664</b>	<b>574,821</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 351,937</b>	<b>\$ 275,037</b>	<b>\$ 12,664</b>	<b>\$ 639,638</b>

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**THE STATEMENT OF NET ASSETS**  
**June 30, 2006**

Total Fund balances-governmental funds	\$ 574,821
 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.	   61,730
 Net assets of governmental activities	   <u>\$ 636,551</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006**

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 247,970	\$ 36,886	\$ 5,041	\$ 289,897
State sources	57,689	375,551	2,600	435,840
Federal sources	-	267,474	-	267,474
On behalf payments	221,554	-	-	221,554
Interest	4,918	622	194	5,734
Total revenues	<u>532,131</u>	<u>680,533</u>	<u>7,835</u>	<u>1,220,499</u>
<b>Expenditures:</b>				
Education				
Salaries	130,708	447,456	3,096	581,260
Employee benefits	48,650	80,119	1,374	130,143
Purchased services	114,918	83,712	6,558	205,188
Supplies and materials	8,009	33,768	1,290	43,067
Capital outlay	-	4,020	-	4,020
Other	199	124	-	323
On-behalf payments	221,554	-	-	221,554
Total expenditures	<u>524,038</u>	<u>649,199</u>	<u>12,318</u>	<u>1,185,555</u>
Excess (deficiency) of revenues over expenditures	<u>8,093</u>	<u>31,334</u>	<u>(4,483)</u>	<u>34,944</u>
<b>Other financing sources (uses):</b>				
Transfers in	15,477	127	-	15,604
Transfers out	<u>(15,604)</u>	<u>-</u>	<u>-</u>	<u>(15,604)</u>
Net other sources and uses of financial resources	<u>(127)</u>	<u>127</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,966	31,461	(4,483)	34,944
Fund balances - beginning of year	<u>343,971</u>	<u>178,759</u>	<u>17,147</u>	<u>539,877</u>
Fund balances - end of year	<u>\$ 351,937</u>	<u>\$ 210,220</u>	<u>\$ 12,664</u>	<u>\$ 574,821</u>

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2006**

Net change in fund balances \$ 34,944

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

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the statement of activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals.

Capital outlay	\$ 4,020	
Proceeds from disposal	(14,873)	
Depreciation expense	(26,390)	
Loss on disposal of capital assets	<u>(5,323)</u>	<u>(42,566)</u>

Change in net assets of governmental activities \$ (7,622)

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2006**

	<u>Business-type Activities-Enterprise funds</u>			<u>Total</u>
	<u>Registration</u>	<u>Teacher's Institute</u>	<u>Maidez Center Project</u>	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 24,886	\$ 32,333	\$ 9,000	\$ 66,219
Investments	51,117	10,229	-	61,346
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Accounts receivable	2,673	-	-	2,673
Prepaid expenses	1,068	-	-	1,068
<b>Total Current Assets</b>	<u>79,744</u>	<u>42,562</u>	<u>9,000</u>	<u>131,306</u>
<b>Noncurrent Assets:</b>				
Capital assets, net	-	-	-	-
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>79,744</u>	<u>42,562</u>	<u>9,000</u>	<u>131,306</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	10	-	-	10
Accrued wages and benefits	-	-	-	-
Due to other funds	3,500	-	10,000	13,500
Due to other governments				
State	-	-	-	-
Deferred revenue	2,860	-	-	2,860
<b>Total current liabilities</b>	<u>6,370</u>	<u>-</u>	<u>10,000</u>	<u>16,370</u>
<b>Long-term liabilities</b>				
Commitments and contingencies	-	-	-	-
<b>Total long-term liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>6,370</u>	<u>-</u>	<u>10,000</u>	<u>16,370</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted	73,374	42,562	(1,000)	114,936
Unrestricted	-	-	-	-
<b>TOTAL NET ASSETS</b>	<u>\$ 73,374</u>	<u>\$ 42,562</u>	<u>\$ (1,000)</u>	<u>\$ 114,936</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2006**

	Business-type Activities - Enterprise Funds			Total
	Registration	Teacher's Institute	Maidez Center Project	
Operating revenues:				
Charge for Services	\$ 60,445	\$ 13,601	-	\$ 74,046
Total operating revenues	<u>60,445</u>	<u>13,601</u>	<u>-</u>	<u>74,046</u>
Operating expenses:				
Salaries and Benefits	27,772	20	-	27,792
Purchased services	36,860	1,102	1,035	38,997
Supplies and materials	8,504	129	-	8,633
Capital outlay	-	-	-	-
Other	3,500	31	5	3,536
Depreciation	-	-	-	-
Total operating expenses	<u>76,636</u>	<u>1,282</u>	<u>1,040</u>	<u>78,958</u>
Operating income (loss)	<u>(16,191)</u>	<u>12,319</u>	<u>(1,040)</u>	<u>(4,912)</u>
Nonoperating revenues:				
Investment income	2,554	833	40	3,427
Total nonoperating revenue	<u>2,554</u>	<u>833</u>	<u>40</u>	<u>3,427</u>
Income (loss) before contributions, transfers, and gains/losses	<u>(13,637)</u>	<u>13,152</u>	<u>(1,000)</u>	<u>(1,485)</u>
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Gain (Loss) on disposal of capital assets	-	-	-	-
Change in net assets	<u>(13,637)</u>	<u>13,152</u>	<u>(1,000)</u>	<u>(1,485)</u>
Net assets, beginning of year	<u>87,011</u>	<u>29,410</u>	<u>-</u>	<u>116,421</u>
Net assets, end of year	<u>\$ 73,374</u>	<u>\$ 42,562</u>	<u>\$ (1,000)</u>	<u>\$ 114,936</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2006**

	Business-type Activities - Enterprise Funds			Total
	Registration	Teacher's Institute	Maidez Center Project	
Cash flows from operating activities:				
Receipts from customers	\$ 57,833	\$ 13,601	\$ -	\$ 71,434
Payments to suppliers and providers for goods and services	(47,941)	(1,262)	(1,040)	(50,243)
Payments to employees	(27,772)	(20)	-	(27,792)
Payments to other funds for goods and services	(7,500)	-	-	(7,500)
Net cash provided by (used for) operating activities	<u>(25,380)</u>	<u>12,319</u>	<u>(1,040)</u>	<u>(14,101)</u>
Cash flows from noncapital financing activities:				
Cash transfers from other funds	-	-	10,000	10,000
Cash transfers to other funds	-	-	-	-
Net cash provided by (used for ) noncapital financing activities	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Cash flows from capital and related financing activities:				
Cash contributions for capital purposes	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(51,117)	(10,229)	-	(61,346)
Interest received on investments	2,554	833	40	3,427
Net cash provided by (used for) investing activities	<u>(48,563)</u>	<u>(9,396)</u>	<u>40</u>	<u>(57,919)</u>
Net increase (decrease) in cash and cash equivalents	(73,943)	2,923	9,000	(62,020)
Cash and cash equivalents - beginning of year	98,829	29,410	-	128,239
Cash and cash equivalents - end of year	<u>\$ 24,886</u>	<u>\$ 32,333</u>	<u>\$ 9,000</u>	<u>\$ 66,219</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (16,191)	\$ 12,319	\$ (1,040)	\$ (4,912)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Change in assets and liabilities:				
(Increase) in accounts receivable	(1,447)	-	-	(1,447)
(Increase) in prepaid expenses	(1,068)	-	-	(1,068)
(Decrease) in accounts payable	(1,509)	-	-	(1,509)
(Decrease) in due to other funds	(4,000)	-	-	(4,000)
(Decrease) in deferred revenue	(1,165)	-	-	(1,165)
Net cash provided by (used for) operating activities	<u>\$ (25,380)</u>	<u>\$ 12,319</u>	<u>\$ (1,040)</u>	<u>\$ (14,101)</u>

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**June 30, 2006**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 518,240
Due from other governments	-
Investments	<u>1,200,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,718,240</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ -
Accrued wages and benefits	4,976
Due to other governments	<u>1,713,264</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,718,240</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 #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 1: SUMMARY OF ACCOUNTING POLICIES**

This summary of significant accounting policies of the Regional Office of Education #45 (Regional Office of Education) 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 #45 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 #45. This includes all aspects of supervision, reports and financial accounting of districts, which are considered by State law to be in the service region of the Regional Office of Education. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the 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.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

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

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.

For the period ended June 30, 2006, 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 #45. 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.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

**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 #45. 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 support.

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.

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 #45 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 #45 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.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

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

The various funds used by the Regional Office of Education #45 are categorized as follows for presentation in the financial statements:

*Governmental Fund Types*

- The *General Fund* is the general operating fund of the Regional Office of Education. It is used to account for all financial resources, except those required to be accounted for in another fund. Included among this fund are the County, Office and Regional Office of Education/ Intermediate Service Center (ROE/ISC) Operations accounts.

County – The Regional Office of Education receives a tax appropriation from Monroe and Randolph counties for operation purposes. These appropriations are requested on yearly basis.

Waterloo Office – This fund is used for general operation of the Waterloo office of the Regional Office of Education. It is used to account for all financial resources, except those required to be accounted for in another fund.

Chester Office – This fund is used for general operation of the Chester office of the Regional Office of Education. It is used to account for all financial resources, except those required to be accounted for in another fund.

ROE/ISC Operations – This account is used for general operation of the Regional Office of Education office.

- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are designated to finance specific functions or activities within the Regional Office of Education. The Regional Office of Education reports one major fund, the *Education Fund*, a special revenue fund, which is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Education Fund includes the following accounts:

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

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

Adult Education Supplemental Funding – Family Visitation Center – This donation was from Wal-Mart to support the Adult Education and Literacy Program. The money may also be used for students with insufficient funds to pay the \$35 GED examination fee. Students in need are referred from other social service agencies

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

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

Adult Education: Federal Basic, State Basic, State Performance, and Public Assistance – Adult education is instruction and support services below the postsecondary level for individuals (a) who have attained 16 years of age; (b) who are not enrolled or required to be enrolled in secondary school under state law; and (c) who lack sufficient mastery of basic educational skills to enable the individuals to function effectively in society; do not have a secondary school diploma; and are unable to speak, read, or write the English language. The instructional and support services are designed to assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency; assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and assist adults in the completion of a secondary school education.

Even Start – Even Start is a federally funded program designed to serve children ages birth through seven and their parents. The parents must be eligible for participation in adult education and literacy activities under the Adult Education and Family Literacy Act or attending secondary school. The components of Even Start are: interactive literacy activities between parents and their children; parent literacy training that leads to economic self-sufficiency; and age-appropriate education to prepare children for success in school.

Secretary of State Community Literacy Program – IL FACTS – The purpose of the grant is to create a database from quarterly, midterm and year-end data sent in from all the literacy programs across the State and to provide compilation reports to the Secretary of State's office as well as to each literacy program in the State.

Secretary of State Community Literacy Program – LASER (Library and Superintendent Efforts in Reading) – The purpose of the grant is to provide instruction in literacy to persons 16 years or older who read or compute below the 9<sup>th</sup> grade level. The program is for participants residing in Monroe, Randolph and St. Clair counties as both Monroe/Randolph and St. Clair Regional Offices of Education are covered by this program.

State Standards and Assessment System of Support – The purpose of the grant is to support the development of school and district improvement planning with particular emphasis on data analysis. Additionally, school community relations are addressed. Onsite support is provided for further assistance and program development.

Film Coop – This account was established for the elementary, secondary, and private schools in Monroe/Randolph counties to provide film and other audio-visual materials to its member school districts. Members of the coop pay a fee for materials and delivery to their schools.

Red Bud Community Project – This account was established to provide access to a reliable high-speed network for the Red Bud Community.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

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

Workforce Investment Act Incentive – The Workforce Investment Act incentive grant focuses on transition initiatives designed to educate and train current and potential workers in the Transportation, Warehousing Distribution, and Logistics (TWL) industry. This initiative provides a broad range of transition approaches to expanding the pipeline for trained workers and providing access to TWL trades. Participants were given academic training as well as skill level training.

Standards Aligned Classroom Project – This grant is a State initiative sponsored by the Illinois State Board of Education. The purpose of this grant is to assist teams of teachers in aligning their curriculum with the Illinois Learning Standards. Particular attention was made in the professional development of teacher teams with the assessment of student's achievement of the Illinois Learning Standards' Benchmarks. These funds were distributed to us through the office of Mark Drone, Regional Office of Education #3, located in Vandalia, Illinois.

Student Assistance Program – Mini Grant – This is used to train and support student assistance teams in Monroe/Randolph school districts.

State Substance Abuse Violence Prevention – This is used to support the wellness coordinators in their effort to prevent violence and substance abuse in Monroe/Randolph County districts.

We the People: Citizen Project – This program promotes competent and responsible participation in State and local government by actively engaging students in learning how to monitor and influence public policy and encourages civic participation among students, their parents, and members of the community.

Title II Teacher Quality System of Support – The purpose of the grant is to support the creation and implementation of professional activities of schools and district personnel that are in "Improvement Status".

Title I School Improvement System of Support- 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.

Mathematics and Science Partnership – St. Clair County Regional Office of Education is the fiscal agent for this grant. The purpose of the grant was to target math and science teachers with content specific professional development.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

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

Title V – Innovative Programs – This grant is handled through the Beck Career Center and is used for academic teachers working with “at risk” youth to support creative educational activities both in and outside the regular classroom.

Title IV – Safe and Drug Free School - Formula – This grant is handled through the Beck Career Center and is used to give students the opportunity to get involved with their surrounding area and learn from the experience.

Title II – Teacher Quality – This grant is handled through the Beck Career Center and is used to provide tuition reimbursements for continuing education and professional development for provisionally certified teachers.

- *Non-major funds* include the following:

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

Bus Driver Permit – 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 \$2,000 from the State Board of Education to pay for travel and meeting expenses.

- The *Fiduciary Fund Types*-Agency Funds are used to account for assets held by the Regional Office of Education #45 as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Distributive Fund, which encompasses funds received from the Illinois State Board of Education and distributed to various educational entities; the State Aid Fund, used primarily for the Safe Schools program; and the Human Services Educational/Vocational Project, an Illinois Department of Human Services project with State mental health facilities for educating participants are the only Agency Funds and the only Fiduciary Fund Types maintained by the Regional Office.

*Proprietary Fund Types*

- *Enterprise Funds*. The Enterprise funds account for the operation of the Teacher’s Institute, Maidez Center and Registration programs. These operations are financed and operated in a manner similar to private business operations.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

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

• *Major Funds.*

Regional Office of Education #45 reports the following major governmental funds:

General fund (as described above)

Education fund. This fund accounts for the various revenues and expenditures related to specific programs and grants, the objective of which is the furtherance of educational development within the Region.

Regional Office of Education #45 reports the following major proprietary funds:

Teacher's Institute. The Teacher's 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 Teacher's Institute fund. The monies are used to defray administrative expenses incidental to teacher's institutes, workshops, or meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Registration. The purpose of the Registration fund is to support professional development workshops for educators and enrichment programs for students. Educators/students pay registration fees for programs presented by the office. Presenter fees, supplies, room rental, and food costs are examples of expenses paid out of the registration fund. All funds generated remain restricted until expended only on the aforementioned activities.

Maidez Center. The Maidez Center was developed for local schools to have a low cost and high quality after-school academic program in Math and Reading. The program's creation was inspired by school requirements under the No Child Left Behind Act to provide Supplemental Educational Services (SES). Guidelines preclude a school from instituting their own program to meet the SES requirements. In addition, rural schools have limited service providers other than online services and/or expensive commercial programs. The Maidez Center is approved statewide in Illinois as an SES provider and, through local Regional Offices of Education may provide services to schools throughout Illinois; excluding Chicago Public Schools. The Maidez Center hires local school teachers and sub-contracts with local ROEs to provide implementation support. Additionally, the Maidez Center uses a web based management system to report daily student progress, provide state reporting, and to provide accountability and managerial functions of the program. Each school will be charged a fee for their participation. All funds generated remain restricted until expended only on the aforementioned activities.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

**D. Measurement focus, basis of accounting, and financial statement presentation**

The general accounting records for the various funds of the Regional Office of Education #45 are maintained substantially on a cash basis. Revenues are recorded when cash is received and expenditures are recorded when cash payments are made. However, the accounting principles used to present the financial statements are in conformity with generally accepted accounting principles for governmental entities.

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 current fiscal period, but not 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.

Proprietary fund operating revenues, such as charges for fees and services, result from exchange transactions associated with the principal 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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Regional Office of Education #45 has elected not to follow subsequent private-sector guidance.

The accounting policies and financial reporting practices of the Regional Office of Education #45 conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

**E. Budgets and Budgetary Accounting**

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 required in the financial statements.

The Regional Office of Education acts as the administrative agent for certain grant programs most of which are accounted for within the education fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Additionally, budgetary comparison schedules have been provided for the grants received from the Illinois Community College Board. Comparisons of budgeted and actual results for various programs are presented as supplementary information: Even Start, Workforce Investment Act Incentive, Adult Education – State Performance, Adult Education – State Basic, Adult Education – Public Assistance, Truants Alternative/Optional Education, Adult Education – Federal Basic, Regional Safe Schools, Secretary of State – Community Literacy Program – IL Facts, Secretary of State – Community Literacy Program – LASER, Title IV – Safe and Drug Free School - Formula, Title II – Teacher Quality, Title V – Innovative Programs, State Standards and Assessment System of Support, Standards Aligned Classroom Project, ROE/ISC Operations, Title II Teacher Quality System of Support, Title I School Improvement System of Support, and Mathematics and Science Partnership.

**F. 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.

**G. Interfund Receivable and Payable**

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

**H. Compensated Absences**

Vacation pay is considered an expenditure the year it is paid. Previously, Regional Office employees accrued vacation hours for each contract year of their employment, and an accrual for this liability had been provided. However, all vacation has to be used before fiscal year end, so no accrual is required.

Accumulated sick pay benefits are available to all full-time employees to use in future years. However, upon termination, the employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

I. 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.

J. Capital Assets

Capital assets, 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 #45 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

K. Fund equity

In the fund financial statements, governmental funds report restriction or reservations of fund balances that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

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

**L. New Accounting Pronouncements**

Effective for the year ending June 30, 2006, the Regional Office of Education adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation (an amendment of GASB Statement No. 34)*, and GASB Statement No. 47, *Accounting for Termination Benefits*. There was no significant impact on the Regional Office of Education's financial statements as a result of adopting these statements.

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2006 are classified in the financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 648,023
Fiduciary funds (agency funds):	
Cash and investments	<u>1,718,240</u>
Total cash and investments	<u>\$ 2,366,263</u>

Cash and investments as of June 30, 2006 consist of the following:

Deposits with financial institutions	\$ 901,881
Investments	<u>1,464,382</u>
Total cash and investments	<u>\$ 2,366,263</u>

**A. Cash Deposits**

At June 30, 2006, the Regional Office of Education had the following depository accounts. The Regional Office of Education does not have a deposit policy.

Insured	\$ 300,000
Collateralized	
Collateral held by pledging bank's trust department in the Regional Office of Education's name	<u>601,881</u>
Total deposits	<u>\$ 901,881</u>

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 2: CASH AND INVESTMENTS (continued)**

A. Cash Deposits (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education’s deposits may not be returned to it. The Regional Office of Education does not have a deposit policy for custodial credit risk but follows the Public Funds Investment Act (30 ILCS 235/2 and 6); and Section 8-7 of the School Code.

B. Investments

As of June 30, 2006 the Regional Office of Education had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificate of Deposit	7/05/2006	\$ 75,000
Certificate of Deposit	7/24/2006	10,589
Certificate of Deposit	7/24/2006	15,000
Certificate of Deposit	9/16/2006	10,229
Certificate of Deposit	9/16/2006	76,719
Certificate of Deposit	9/16/2006	51,117
Certificate of Deposit	11/23/2006	12,254
Certificate of Deposit	11/30/2006	3,474
Certificate of Deposit	3/11/2007	10,000
Certificate of Deposit	9/17/2006	200,000
Certificate of Deposit	8/31/2006	<u>1,000,000</u>
		<u>\$1,464,382</u>

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.

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, 2006 the Regional Office of Education was in compliance with these guidelines.

See independent auditors’ report

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 2: CASH AND INVESTMENTS (continued)**

**B. Investments (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.

As of June 30, 2006 the government-wide and agency fund investments were secured by federal depository insurance of \$15,728. The government-wide remaining investments were collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education's name.

**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 investments, including the agency fund, are in Certificates of Deposits with First Bank (\$373,654), Chester National Bank (\$3,474), Buena Vista (\$75,000), Commercial State (\$12,254) and First National Bank of Waterloo (\$1,000,000).

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
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NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 3: CAPITAL ASSETS**

Governmental Activities

Capital asset activity for fiscal year 2006 was as follows:

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
Assets being depreciated:				
Equipment	\$ 349,189	\$ 4,020	\$ 64,956	\$ 288,253
Less Accumulated Depreciation:	\$ 244,893	\$ 26,390	\$ 44,760	\$ 226,523
Governmental activity capital assets, net	\$ 104,296	\$ (22,370)	\$ 20,196	\$ 61,730

At June 30, 2006, assets of approximately \$207,908 included above are assets funded from federal and State grants administered by the Regional Office of Education #45.

Depreciation was charged to the Instructional Services activity.

Business-type activities – Enterprise Fund

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
Equipment	\$ -	\$ -	\$ -	\$ -

The enterprise funds utilize certain governmental funds' equipment and facilities in its operation. Accordingly, the enterprise funds were levied an internal service charge of \$3,500 for facilities and equipment usage during fiscal year 2006.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
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NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 4: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances have resulted from short-term borrowings and interfund charges not yet reimbursed as of the end of the reporting period. The composition of the interfund balances at June 30, 2006 is as follows:

<u>Fund</u>	<u>Receivable Fund/Account</u>	<u>Payable Fund/Account</u>
General		
Office Account - Chester Office	\$ 21,584	\$ -
Office Account - Waterloo Office	41,500	-
Education Fund		
Chester Office		
Adult Education Programs	167	-
Secretary of State Community Literacy - LASER	-	10,062
WIA Incentive	-	11,689
Waterloo Office		
Mathematics & Science Partnership	-	14,000
Title I – School Improvement System of Support	-	<u>14,000</u>
Totals - governmental	<u>\$ 63,251</u>	<u>\$ 49,751</u>
Enterprise funds	<u>-</u>	<u>13,500</u>
	<u>\$ 63,251</u>	<u>\$ 63,251</u>

Transfers between governmental funds reflect the use of changes in funding sources.

Interfund transfers consist of the following:

<u>Transfers-out</u>	<u>Transfers-in</u>	<u>Governmental Funds</u>
Waterloo Office Account	Chester Office Account	\$ 15,477
Chester Office Account	LASER Account (Chester)	<u>127</u>
		<u>\$ 15,604</u>

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
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NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 5: DUE TO/FROM OTHER GOVERNMENTAL UNITS**

The Regional Office of Education #45's Education Fund has funds due from (to) various other governmental units. The due from consist of the following:

STATE:	
Secretary of State – Illinois State Library	\$ 13,329
Illinois State Board of Education	<u>3,915</u>
	<u>17,244</u>
OTHER:	
St. Clair County	22,312
Southern Illinois Collegiate Common Market	10,739
Local sources	<u>1,043</u>
	<u>34,094</u>
Totals	<u>\$ 51,338</u>

The due (to) consist of the following:

STATE:	
Illinois Community College Board	<u>\$ 167</u>
AGENCY FUNDS	
State of Illinois	<u>\$ 1,713,264</u>

**NOTE 6: RETIREMENT FUND COMMITMENTS**

The Regional Office participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Employees, other than teachers, who meet prescribed annual hourly standards, are members of IMRF. The Regional Office's payroll for the year ended June 30, 2006 was \$609,052; of which \$314,706 was reported to TRS and \$245,110 was reported to IMRF.

**A. Teachers' Retirement System of the State of Illinois**

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.

See independent auditors' report.

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REGIONAL OFFICE OF EDUCATION #45  
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NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 6: RETIREMENT FUND COMMITMENTS (CONTINUED)**

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

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 through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006 and the member THIS Fund health insurance contribution was 0.80 percent.

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

- **On-behalf contribution.** The State of Illinois makes employer pension contributions on behalf of the Regional Office. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office recognized revenues and expenditures of \$33,585 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$58,574) and 13.98 percent (\$69,603), respectively.

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$1,825. Contributions for the years ending June 30, 2005, and June 30, 2004 were \$1,955 and \$1,954, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office, there is a statutory requirement for the Regional Office to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to the TRS.

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employee contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$153,253 were paid from federal and trust funds that required employer contributions of \$10,820. For the years ended June 30, 2005 and June 30, 2004, required Regional Office contributions were \$17,163 and \$18,098, respectively.

See independent auditors' report.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 6: RETIREMENT FUND COMMITMENTS (CONTINUED)**

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

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

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

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

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

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

For the year ended June 30, 2006, the district paid \$0 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the Regional Office paid \$0 in employer ERO contributions.

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

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
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NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 6: RETIREMENT FUND COMMITMENTS (CONTINUED)**

**B. Illinois Municipal Retirement Fund**

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

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org/pubs/pubs-homepage.htm](http://www.imrf.org/pubs/pubs-homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office is required to contribute at an actuarially determined rate. The Regional Office rate for calendar year 2005 was 9.72 percent of payroll. The Regional Office contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, the Regional Office's annual pension cost of \$26,398 was equal to the Regional Office's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002 - 2004 experience study.

**STATE OF ILLINOIS  
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MONROE AND RANDOLPH COUNTIES  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**NOTE 6: RETIREMENT FUND COMMITMENTS (CONTINUED)**

**B. Illinois Municipal Retirement Fund (continued)**

*Trend Information*

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 26,398	100%	\$ 0
12/31/04	6,434	100%	0
12/31/03	2,806	100%	0
12/31/02	2,653	100%	0
12/31/01	23,995	100%	0
12/31/00	12,735	100%	0
12/31/99	36,517	100%	0
12/31/98	29,319	100%	0
12/31/97	30,292	100%	0
12/31/96	24,244	100%	0

*Schedule of Funding Progress*

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

**C. Social Security**

Employees not qualifying for coverage under the Teachers' Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees are covered under Social Security. The Regional Office contributions for the years ended June 30, 2006 and June 30, 2005 were \$16,123 and \$17,970, respectively.

See independent auditors' report.

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2006**

**NOTE 7: 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.

In addition, the fiscal year June 30, 1996 audit report on the financial statements of the Regional Office has not yet been finalized. It is reasonably possible that liabilities arising from fiscal year June 30, 1996 exist and are not recorded on the June 30, 2006 financial statements.

Significant losses are covered by commercial insurance for all major programs: property, liability, and workman's compensation. During the year ended June 30, 2006 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 8: DISTRIBUTIVE FUND INTEREST**

A written agreement between the region's school boards, which receive funds through the Regional Office of Education, and the Regional Office of Education, provide for the retention of interest earned on the State Distributive Fund checking account by the Regional Superintendent to be used for the benefit of all of the districts in the region. During the year the distributive fund earned interest of \$433. At June 30, 2006 all accumulated interest earned had been distributed.

**NOTE 9: ON-BEHALF PAYMENTS**

The State of Illinois pays the following salaries and benefits on behalf of the Regional Office of Education #45:

Regional Superintendent Salary	\$ 84,737
Assistant Regional Superintendent Salary	76,263
Regional Superintendent Fringe Benefit (includes all State paid insurance)	17,054
Assistant Regional Superintendent Fringe Benefit (includes all State paid insurance)	9,915
Teacher's Retirement System	<u>33,585</u>
Total	<u>\$ 221,554</u>

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

See independent auditors' report.

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
For the Year Ended June 30, 2006**

**Schedule of Funding Progress  
Illinois Municipal Retirement Fund  
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/05	852,106	916,375	64,269	92.99%	271,582	23.66%
12/31/04	967,359	1,034,851	67,492	93.48%	293,785	22.97%
12/31/03	1,023,918	1,020,797	(3,121)	100.31%	308,398	0.00%
12/31/02	1,128,598	1,012,448	(116,150)	111.47%	294,746	0.00%
12/31/01	1,125,697	914,157	(211,540)	123.14%	301,069	0.00%
12/31/00	1,008,886	782,926	(225,960)	128.86%	326,551	0.00%
12/31/99	889,654	840,017	(49,637)	105.91%	465,192	0.00%
12/31/98	712,899	686,746	(26,153)	103.81%	384,263	0.00%
12/31/97	615,592	601,124	(14,468)	102.41%	363,907	0.00%
12/31/96	537,131	548,890	11,759	97.86%	343,880	3.42%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$865,693. On a market basis, the funded ratio would be 94.47%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

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

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

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006**

The following schedules provide additional detail on balances and activities of Regional Office of Education #45 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.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2006**

	<u>Office Account</u>		<u>ROE/ISC Operations</u>	<u>County Account</u>	<u>Total</u>
	<u>Chester</u>	<u>Waterloo</u>	<u>Waterloo</u>	<u>Waterloo</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 49,239	\$ 78,160	\$ -	\$ 38,454	\$ 165,853
Investments	15,000	102,447	-	-	117,447
Internal balances	21,584	41,500	-	-	63,084
Due from other governments					
State	-	-	-	-	-
Other	-	875	-	168	1,043
Prepaid expenses	-	4,510	-	-	4,510
<b>TOTAL ASSETS</b>	<u>\$ 85,823</u>	<u>\$ 227,492</u>	<u>\$ -</u>	<u>\$ 38,622</u>	<u>\$ 351,937</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-	-
Internal balances	-	-	-	-	-
Due to other governments					
State	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>					
Reserved for:					
Encumbrances	-	-	-	-	-
Unreserved, reported in:					
General fund	<u>85,823</u>	<u>227,492</u>	<u>-</u>	<u>38,622</u>	<u>351,937</u>
<b>Total fund balance</b>	<u>85,823</u>	<u>227,492</u>	<u>-</u>	<u>38,622</u>	<u>351,937</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 85,823</u>	<u>\$ 227,492</u>	<u>\$ -</u>	<u>\$ 38,622</u>	<u>\$ 351,937</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the Year Ended June 30, 2006**

	Office Account		ROE/ISC Operations	County Account	Total
	Chester	Waterloo	Waterloo	Waterloo	
<b>Revenues</b>					
Local sources	\$ 298	\$ 81,069	\$ -	\$ 166,603	\$ 247,970
State sources	-	-	57,689	-	57,689
State sources - payments made on behalf of regional office	-	221,554	-	-	221,554
Interest income	172	4,358	110	278	4,918
<b>Total revenues</b>	<b>470</b>	<b>306,981</b>	<b>57,799</b>	<b>166,881</b>	<b>532,131</b>
<b>Expenditures</b>					
Salaries	-	16,313	36,482	77,913	130,708
Employee benefits	-	12,055	7,942	28,653	48,650
Purchased services	20,119	34,779	11,599	48,421	114,918
Supplies and materials	635	1,917	1,666	3,791	8,009
Capital outlay	-	-	-	-	-
Other	-	60	110	29	199
Payments made by state on behalf of regional office	-	221,554	-	-	221,554
<b>Total expenditures</b>	<b>20,754</b>	<b>286,678</b>	<b>57,799</b>	<b>158,807</b>	<b>524,038</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(20,284)</b>	<b>20,303</b>	<b>-</b>	<b>8,074</b>	<b>8,093</b>
<b>Other financing sources (uses)</b>					
Transfers in	15,477	-	-	-	15,477
Transfers out	(127)	(15,477)	-	-	(15,604)
<b>Net other sources and uses of financial resources</b>	<b>15,350</b>	<b>(15,477)</b>	<b>-</b>	<b>-</b>	<b>(127)</b>
<b>Net change in fund balances</b>	<b>(4,934)</b>	<b>4,826</b>	<b>-</b>	<b>8,074</b>	<b>7,966</b>
<b>Fund balance - beginning of year</b>	<b>90,757</b>	<b>222,666</b>	<b>-</b>	<b>30,548</b>	<b>343,971</b>
<b>Fund balance - end of year</b>	<b>\$ 85,823</b>	<b>\$ 227,492</b>	<b>\$ -</b>	<b>\$ 38,622</b>	<b>\$ 351,937</b>

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND ACCOUNTS**  
**ROE/ISC OPERATIONS**  
**For the Year Ended June 30, 2006**

**Waterloo Office**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
State sources	\$ 57,689	\$ 57,689	\$ -
Interest income	-	110	110
	57,689	57,799	110
<b>Total revenues</b>			
<b>Expenditures</b>			
Salaries	36,700	36,482	218
Employee benefits	7,927	7,942	(15)
Purchased services	11,579	11,599	(20)
Supplies and materials	1,008	1,666	(658)
Capital outlay	-	-	-
Other	475	110	365
	57,689	57,799	(110)
<b>Total expenditures</b>			
Net change in fund balances	\$ -	-	\$ 220
Fund balance - beginning of year		-	
Fund balance - end of year		\$ -	

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2006**

	Education Fund		
	Chester	Waterloo	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 117,163	\$ 21,742	\$ 138,905
Investments	85,589	-	85,589
Internal balances	167	-	167
Due from other governments			
State	17,192	52	17,244
Other	10,739	22,312	33,051
Prepaid expenses	-	81	81
<b>TOTAL ASSETS</b>	<u>\$ 230,850</u>	<u>\$ 44,187</u>	<u>\$ 275,037</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 11,324	\$ 52	\$ 11,376
Accrued wages and benefits	-	-	-
Internal balances	21,751	28,000	49,751
Due to other governments			
State	167	-	167
Deferred revenue	1,715	1,808	3,523
<b>Total liabilities</b>	<u>34,957</u>	<u>29,860</u>	<u>64,817</u>
<b>FUND BALANCE</b>			
Reserved for:			
Encumbrances	-	-	-
Restricted	195,893	14,327	210,220
<b>Total fund balance</b>	<u>195,893</u>	<u>14,327</u>	<u>210,220</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 230,850</u>	<u>\$ 44,187</u>	<u>\$ 275,037</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2006**

	Education Fund		
	Chester	Waterloo	Total
Revenues			
Local sources	\$ 31,198	\$ 5,688	\$ 36,886
State sources	362,330	13,221	375,551
Federal sources	200,866	66,608	267,474
Interest income	384	238	622
Total revenues	<u>594,778</u>	<u>85,755</u>	<u>680,533</u>
Expenditures			
Salaries	390,979	56,477	447,456
Employee benefits	70,509	9,610	80,119
Purchased services	67,873	15,839	83,712
Supplies and materials	31,904	1,864	33,768
Capital outlay	-	4,020	4,020
Other	21	103	124
Total expenditures	<u>561,286</u>	<u>87,913</u>	<u>649,199</u>
Excess (deficiency) of revenues over expenditures	33,492	(2,158)	31,334
Other financing sources (uses):			
Transfers in	127	-	127
Transfers out	-	-	-
Net other sources and uses of financial resources	<u>127</u>	<u>-</u>	<u>127</u>
Net change in fund balances	33,619	(2,158)	31,461
Fund balance - beginning of year	<u>162,274</u>	<u>16,485</u>	<u>178,759</u>
Fund balance - end of year	<u>\$ 195,893</u>	<u>\$ 14,327</u>	<u>\$ 210,220</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
CHESTER OFFICE  
June 30, 2006**

	Adult Education Programs	Adult Education Supplemental Funding - Family Visitation Center	Even Start	Workforce Investment Act Incentive	Regional Safe Schools
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,482	\$ 1,828	\$ 1,496	\$ 950	\$ 108,265
Investments	-	-	10,589	-	75,000
Internal balances	167	-	-	-	-
Due from other governments					
State	-	-	3,862	-	1
Other	-	-	-	10,739	-
Prepaid expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 4,649</u></b>	<b><u>\$ 1,828</u></b>	<b><u>\$ 15,947</u></b>	<b><u>\$ 11,689</u></b>	<b><u>\$ 183,266</u></b>
<b>LIABILITIES</b>					
Accounts payable	4,482	-	3,401	-	32
Accrued wages and benefits	-	-	-	-	-
Internal balances	-	-	-	11,689	-
Due to other governments					
State	167	-	-	-	-
Deferred revenue	-	1,715	-	-	-
Total liabilities	<u>4,649</u>	<u>1,715</u>	<u>3,401</u>	<u>11,689</u>	<u>32</u>
<b>FUND BALANCE</b>					
Reserved for:					
Encumbrances	-	-	-	-	-
Restricted	-	113	12,546	-	183,234
Total fund balance	<u>-</u>	<u>113</u>	<u>12,546</u>	<u>-</u>	<u>183,234</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 4,649</u></b>	<b><u>\$ 1,828</u></b>	<b><u>\$ 15,947</u></b>	<b><u>\$ 11,689</u></b>	<b><u>\$ 183,266</u></b>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
CHESTER OFFICE  
June 30, 2006**

	Secretary of State Community Literacy Program - ILFacts (FY 06)	Secretary of State Community Literacy Program - ILFacts (FY 05)	Secretary of State Community Literacy Program - LASER	Truants Alternative/ Optional Education	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15	\$ -	\$ 127	\$ -	\$ 117,163
Investments	-	-	-	-	85,589
Internal balances	-	-	-	-	167
Due from other governments					
State	-	-	13,329	-	17,192
Other	-	-	-	-	10,739
Prepaid Expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ 13,456</b>	<b>\$ -</b>	<b>\$ 230,850</b>
<b>LIABILITIES</b>					
Accounts payable	15	-	3,394	-	11,324
Accrued wages and benefits	-	-	-	-	-
Internal balances	-	-	10,062	-	21,751
Due to other governments					
State	-	-	-	-	167
Deferred revenue	-	-	-	-	1,715
Total liabilities	<u>15</u>	<u>-</u>	<u>13,456</u>	<u>-</u>	<u>34,957</u>
<b>FUND BALANCE</b>					
Reserved for:					
Encumbrances	-	-	-	-	-
Restricted	-	-	-	-	195,893
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,893</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ 13,456</b>	<b>\$ -</b>	<b>\$ 230,850</b>

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**CHESTER OFFICE**  
**For the Year Ended June 30, 2006**

	Adult Education Programs	Adult Education Supplemental Funding - Family Visitation Center	Even Start	Workforce Investment Act Incentive	Regional Safe Schools
<b>Revenues</b>					
Local sources	\$ -	\$ 35	\$ 14,873	\$ -	\$ 16,290
State sources	74,063	-	-	-	214,005
Federal sources	51,722	-	126,298	19,773	3,073
Interest income	18	-	28	-	321
Total revenues	<u>125,803</u>	<u>35</u>	<u>141,199</u>	<u>19,773</u>	<u>233,689</u>
<b>Expenditures</b>					
Salaries	85,282	-	92,852	11,612	144,757
Employee benefits	15,686	-	18,608	2,562	27,682
Purchased services	13,560	35	12,480	3,136	30,616
Supplies and materials	11,259	-	4,713	2,463	9,561
Capital outlay	-	-	-	-	-
Other	16	-	-	-	-
Total expenditures	<u>125,803</u>	<u>35</u>	<u>128,653</u>	<u>19,773</u>	<u>212,616</u>
Excess (deficiency) of revenues over expenditures	-	-	12,546	-	21,073
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net other sources and uses of financial resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	12,546	-	21,073
Fund Balance - beginning of year	<u>-</u>	<u>113</u>	<u>-</u>	<u>-</u>	<u>162,161</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ 12,546</u>	<u>\$ -</u>	<u>\$ 183,234</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
CHESTER OFFICE  
For the Year Ended June 30, 2006**

	Secretary of State Community Literacy Program - <u>ILFacts (FY 06)</u>	Secretary of State Community Literacy Program - <u>ILFacts (FY 05)</u>	Secretary of State Community Literacy Program - <u>LASER</u>	Truants Alternative/ Optional Education	<u>Total</u>
<b>Revenues</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 31,198
State sources	11,718	-	30,000	32,544	362,330
Federal sources	-	-	-	-	200,866
Interest income	-	12	1	4	384
Total revenues	<u>11,718</u>	<u>12</u>	<u>30,001</u>	<u>32,548</u>	<u>594,778</u>
<b>Expenditures</b>					
Salaries	8,616	-	21,860	26,000	390,979
Employee benefits	2,565	-	2,221	1,185	70,509
Purchased services	521	-	2,242	5,283	67,873
Supplies and materials	16	12	3,804	76	31,904
Capital outlay	-	-	-	-	-
Other	-	-	1	4	21
Total expenditures	<u>11,718</u>	<u>12</u>	<u>30,128</u>	<u>32,548</u>	<u>561,286</u>
Excess (deficiency) of revenues over expenditures	-	-	(127)	-	33,492
<b>Other financing sources (uses)</b>					
Transfers in	-	-	127	-	127
Transfers out	-	-	-	-	-
Net other sources and uses of financial resources	<u>-</u>	<u>-</u>	<u>127</u>	<u>-</u>	<u>127</u>
Net change in fund balance	-	-	-	-	33,619
Fund Balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,274</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,893</u>

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

STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
ADULT EDUCATION PROGRAMS  
CHESTER OFFICE  
June 30, 2006

	Federal Basic (FY 2006)	Public Assistance (FY 2006)	State Basic (FY 2006)	State Performance (FY 2006)	State Performance (FY 2005)	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,962	\$ 6	\$ 1,165	\$ 349	\$ -	\$ 4,482
Investments	-	-	-	-	-	-
Internal balances	167	-	-	-	-	167
Due from other governments:						
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,129</b>	<b>\$ 6</b>	<b>\$ 1,165</b>	<b>\$ 349</b>	<b>\$ -</b>	<b>\$ 4,649</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,962	\$ 6	\$ 1,165	\$ 349	\$ -	\$ 4,482
Accrued wages and benefits	-	-	-	-	-	-
Internal balances	-	-	-	-	-	-
Due to other governments:						
State	167	-	-	-	-	167
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,129</b>	<b>6</b>	<b>1,165</b>	<b>349</b>	<b>-</b>	<b>4,649</b>
<b>FUND BALANCE</b>						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,129</b>	<b>\$ 6</b>	<b>\$ 1,165</b>	<b>\$ 349</b>	<b>\$ -</b>	<b>\$ 4,649</b>

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

STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 EDUCATION FUND ACCOUNTS  
 ADULT EDUCATION PROGRAMS  
 CHESTER OFFICE  
 For the Year Ended June 30, 2006

	Federal Basic (FY 2006)	Public Assistance (FY 2006)	State Basic (FY 2006)	State Performance (FY 2006)	State Performance (FY 2005)	Total
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	2,789	49,733	20,313	1,228	74,063
Federal sources	51,722	-	-	-	-	51,722
Interest income	-	-	6	12	-	18
Total revenues	51,722	2,789	49,739	20,325	1,228	125,803
Expenditures						
Salaries	37,583	1,834	38,384	7,481	-	85,282
Employee benefits	8,072	214	6,512	888	-	15,686
Purchased services	2,870	688	2,945	7,057	-	13,560
Supplies and materials	3,197	53	1,892	4,889	1,228	11,259
Capital outlay	-	-	-	-	-	-
Other	-	-	6	10	-	16
Total expenditures	51,722	2,789	49,739	20,325	1,228	125,803
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Net other sources and uses of financial resources	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-
Fund Balance - beginning of year	-	-	-	-	-	-
Fund Balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 ADULT EDUCATION PROGRAMS - FEDERAL BASIC  
 For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal sources	\$ 51,889	\$ 51,722	\$ (167)
Interest income	-	-	-
Total revenues	<u>51,889</u>	<u>51,722</u>	<u>(167)</u>
Expenditures			
Salaries	38,564	37,583	981
Employee benefits	8,339	8,072	267
Purchased services	2,986	2,870	116
Supplies and materials	2,000	3,197	(1,197)
Other	-	-	-
Total expenditures	<u>51,889</u>	<u>51,722</u>	<u>167</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	

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



**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION PROGRAMS - PUBLIC ASSISTANCE**  
**For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
State sources	\$ 2,789	\$ 2,789	\$ -
Interest income	-	-	-
Total revenues	<u>2,789</u>	<u>2,789</u>	<u>-</u>
Expenditures			
Salaries	1,800	1,834	(34)
Employee benefits	294	214	80
Purchased services	35	688	(653)
Supplies and materials	660	53	607
Other	-	-	-
Total expenditures	<u>2,789</u>	<u>2,789</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION PROGRAMS - STATE BASIC**  
**For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
State sources	\$ 49,733	\$ 49,733	\$ -
Interest income	-	6	6
	<u>49,733</u>	<u>49,739</u>	<u>6</u>
<b>Total revenues</b>			
<b>Expenditures</b>			
Salaries	37,644	38,384	(740)
Employee benefits	6,136	6,512	(376)
Purchased services	4,953	2,945	2,008
Supplies and materials	1,000	1,892	(892)
Other	-	6	(6)
	<u>49,733</u>	<u>49,739</u>	<u>(6)</u>
<b>Total expenditures</b>			
<b>Net change in fund balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund balance - beginning of year</b>		<u>-</u>	
<b>Fund balance - end of year</b>		<u>\$ -</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION PROGRAMS - STATE PERFORMANCE**  
**For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
State sources	\$ 20,313	\$ 20,313	\$ -
Interest income	-	12	12
Total revenues	<u>20,313</u>	<u>20,325</u>	<u>12</u>
Expenditures			
Salaries	6,614	7,481	(867)
Employee benefits	642	888	(246)
Purchased services	7,057	7,057	-
Supplies and materials	6,000	4,889	1,111
Other	-	10	(10)
Total expenditures	<u>20,313</u>	<u>20,325</u>	<u>(12)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**EVEN START**  
**For the Year Ended June 30, 2006**

**Chester Office**

	Budget	Actual	Variance Positive (Negative)
Revenues			
Local sources	\$ -	\$ 14,873	\$ 14,873
Federal sources	130,000	126,298	(3,702)
Interest income	-	28	28
	130,000	141,199	11,199
Expenditures			
Salaries	93,027	92,852	175
Employee benefits	18,293	18,608	(315)
Purchased services	13,091	12,480	611
Supplies and materials	5,589	4,713	876
Other	-	-	-
	130,000	128,653	1,347
Net change in fund balance	\$ -	12,546	\$ 12,546
Fund balance - beginning of year		-	
Fund balance - end of year		\$ 12,546	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**WORKFORCE INVESTMENT ACT INCENTIVE**  
**For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Federal sources	\$ 19,773	\$ 19,773	\$ -
Interest income	-	-	-
	<u>19,773</u>	<u>19,773</u>	<u>-</u>
<b>Expenditures</b>			
Salaries	9,892	11,612	(1,720)
Employee benefits	2,031	2,562	(531)
Purchased services	1,271	3,136	(1,865)
Supplies and materials	6,579	2,463	4,116
Other	-	-	-
	<u>19,773</u>	<u>19,773</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund balance - beginning of year</b>		<u>-</u>	
<b>Fund balance - end of year</b>		<u>\$ -</u>	

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



**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS  
For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues</b>			
Local sources	\$ 5,240	\$ 16,290	\$ 11,050
State sources	213,848	214,005	157
Federal sources	-	3,073	3,073
Interest income	-	321	321
<b>Total revenues</b>	<u>219,088</u>	<u>233,689</u>	<u>14,601</u>
<b>Expenditures</b>			
Salaries	148,897	144,757	4,140
Employee benefits	30,838	27,682	3,156
Purchased services	27,902	30,616	(2,714)
Supplies and materials	11,451	9,561	1,890
Capital outlay	-	-	-
Other	-	-	-
<b>Total expenditures</b>	<u>219,088</u>	<u>212,616</u>	<u>6,472</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	21,073	<u>\$ 21,073</u>
<b>Fund balance - beginning of year</b>		<u>162,161</u>	
<b>Fund balance - end of year</b>		<u>\$ 183,234</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**SECRETARY OF STATE COMMUNITY LITERACY PROGRAM - IL FACTS**  
**For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
State sources	\$ 11,718	\$ 11,718	\$ -
Interest income	-	-	-
	<u>11,718</u>	<u>11,718</u>	<u>-</u>
<b>Expenditures</b>			
Salaries	8,616	8,616	-
Employee benefits	2,608	2,565	43
Purchased services	-	521	(521)
Supplies and materials	33	16	17
Other	461	-	461
	<u>11,718</u>	<u>11,718</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund balance - beginning of year</b>		<u>-</u>	
<b>Fund balance - end of year</b>		<u>\$ -</u>	

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

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 SECRETARY OF STATE COMMUNITY LITERACY PROGRAM - LASER  
 For the Year Ended June 30, 2006**

**Chester Office**

	Budget	Actual	Variance Positive (Negative)
Revenues			
State sources	\$ 30,000	\$ 30,000	\$ -
Interest income	-	1	1
	30,000	30,001	1
Total revenues			
Expenditures			
Salaries	24,960	21,860	3,100
Employee benefits	4,729	2,221	2,508
Purchased services	-	2,242	(2,242)
Supplies & materials	-	3,804	(3,804)
Other	311	1	310
	30,000	30,128	(128)
Total expenditures			
Excess (deficiency) of revenues over expenditures	\$ -	(127)	\$ (127)
Other financing sources (uses)			
Transfers in		127	
Transfers out		-	
Net other sources and uses of financial resources		127	
Net change in fund balance		-	
Fund balance - beginning of year		-	
Fund balance - end of year		\$ -	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION**  
**For the Year Ended June 30, 2006**

**Chester Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
State sources	\$ 32,544	\$ 32,544	\$ -
Interest income	-	4	4
<b>Total revenues</b>	<u>32,544</u>	<u>32,548</u>	<u>4</u>
<b>Expenditures</b>			
Salaries	25,750	26,000	(250)
Employee benefits	1,182	1,185	(3)
Purchased services	5,401	5,283	118
Supplies and materials	211	76	135
Other	-	4	(4)
<b>Total expenditures</b>	<u>32,544</u>	<u>32,548</u>	<u>(4)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund balance - beginning of year</b>		<u>-</u>	
<b>Fund balance - end of year</b>		<u>\$ -</u>	

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

STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 WATERLOO OFFICE  
 June 30, 2006

	Title II Teacher Quality System of Support (FY 2005)	State Standards & Assessment System of Support (FY 2005)	Film Co-op	Red Bud Community Project	Standards Aligned Classroom Project
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 9,106	\$ 5,175	\$ -
Investments	-	-	-	-	-
Internal balances	-	-	-	-	-
Due from other governments	-	-	-	-	-
State	-	-	-	-	-
Other	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,106</b>	<b>\$ 5,175</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-	-
Internal balances	-	-	-	-	-
Due to other governments	-	-	-	-	-
State	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>FUND BALANCE</b>					
Reserved for:					
Encumbrances	-	-	-	-	-
Restricted	-	-	9,106	5,175	-
Total fund balance	-	-	9,106	5,175	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,106</b>	<b>\$ 5,175</b>	<b>\$ -</b>

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

STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
WATERLOO OFFICE  
June 30, 2006

	Student Assistance Program Mini Grant (FY 2004)	State Substance Abuse Violence Prevention (FY 2004)	We the People Citizens Project	Title I School Improvement System of Support (FY 2006)	Title I School Improvement System of Support (FY 2005)
<b>ASSETS</b>					
Cash and cash equivalents	1,775	-	46	\$ 1,147	-
Investments	-	-	-	-	-
Internal balances	-	-	-	-	-
Due from other governments					
State	-	-	-	-	-
Other	-	-	-	12,772	-
Prepaid expenses	-	-	-	81	-
<b>TOTAL ASSETS</b>	<b>\$ 1,775</b>	<b>\$ -</b>	<b>\$ 46</b>	<b>\$ 14,000</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts Payable	-	\$ -	-	\$ -	-
Accrued wages and benefits	-	-	-	-	-
Internal balances	-	-	-	14,000	-
Due to other governments					
State	-	-	-	-	-
Deferred revenue	1,775	-	-	-	-
<b>Total liabilities</b>	<b>1,775</b>	<b>-</b>	<b>-</b>	<b>14,000</b>	<b>-</b>
<b>FUND BALANCE</b>					
Reserved for:					
Encumbrances	-	-	-	-	-
Restricted	-	-	46	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,775</b>	<b>\$ -</b>	<b>\$ 46</b>	<b>\$ 14,000</b>	<b>\$ -</b>

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

STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 WATERLOO OFFICE  
 June 30, 2006

	Mathematics and Science Partnership (FY 2006)	Mathematics and Science Partnership (FY 2005)	Title II Teacher Quality	Title IV Safe and Drug Free School Formula	Title V Innovative Programs	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,493	\$ -	-	\$ -	\$ -	\$ 21,742
Investments	-	-	-	-	-	-
Internal balances	-	-	-	-	-	-
Due from other governments						
State	-	-	52	-	-	52
Other	9,540	-	-	-	-	22,312
Prepaid expenses	-	-	-	-	-	81
<b>TOTAL ASSETS</b>	<u>\$ 14,033</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,187</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	52	\$ -	\$ -	\$ 52
Accrued wages and benefits	-	-	-	-	-	-
Internal balances	14,000	-	-	-	-	28,000
Due to other governments						
State	-	-	-	-	-	-
Deferred revenue	33	-	-	-	-	1,808
<b>Total liabilities</b>	<u>14,033</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>29,860</u>
<b>FUND BALANCE</b>						
Reserved for:						
Encumbrances	-	-	-	-	-	14,327
Restricted	-	-	-	-	-	14,327
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,654</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 14,033</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,187</u>

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

STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 WATERLOO OFFICE  
 For the Year Ended June 30, 2006

	Title II Teacher Quality System of Support (FY 2005)	State Standards & Assessment System of Support (FY 2005)	Film Co-op	Red Bud Community Project	Standards Aligned Classroom Project
Revenues					
Local sources	\$ -	\$ -	\$ 3,920	\$ -	\$ -
State sources	-	13,221	-	-	-
Federal sources	3,871	-	-	-	9,000
Interest income	-	-	137	60	-
Total revenues	3,871	13,221	4,057	60	9,000
Expenditures					
Salaries	-	11,954	2,758	-	5,551
Employee benefits	-	1,032	211	-	997
Purchased services	3,871	235	2,681	-	1,932
Supplies and materials	-	-	492	-	520
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	3,871	13,221	6,142	-	9,000
Excess (deficiency) of revenues over expenditures	-	-	(2,085)	60	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net other sources and uses of financial resources	-	-	-	-	-
Net change in fund balance	-	-	(2,085)	60	-
Fund Balance - beginning of year	-	-	11,191	5,115	-
Fund Balance - end of year	\$ -	\$ -	\$ 9,106	\$ 5,175	\$ -

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**WATERLOO OFFICE**  
**For the Year Ended June 30, 2006**

	Student Assistance Program Mini Grant (FY 2004)	State Substance Abuse Violence Prevention (FY 2004)	We the People Citizens Project	Title I School Improvement System of Support (FY 2006)	Title I School Improvement System of Support (FY 2005)
Revenues					
Local sources	\$ -	\$ 600	\$ 1,168	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	26,033	1,880
Interest income	-	19	-	-	-
Total revenues	-	619	1,168	26,033	1,880
Expenditures					
Salaries	-	-	-	21,394	986
Employee benefits	-	-	-	3,530	668
Purchased services	-	709	1,125	1,109	226
Supplies and materials	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other	-	-	86	-	-
Total expenditures	-	709	1,211	26,033	1,880
Excess (deficiency) of revenues over expenditures	-	(90)	(43)	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net other sources and uses of financial resources	-	-	-	-	-
Net change in fund balance	-	(90)	(43)	-	-
Fund Balance - beginning of year	-	90	89	-	-
Fund Balance - end of year	\$ -	\$ -	\$ 46	\$ -	\$ -

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

STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 WATERLOO OFFICE  
 For the Year Ended June 30, 2006

	Mathematics and Science Partnership (FY 2006)	Mathematics and Science Partnership (FY 2005)	Title II Teacher Quality	Title IV Safe and Drug Free School Formula	Title V Innovative Programs	Total
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,688
State sources	-	-	-	-	-	13,221
Federal sources	11,510	12,149	1,530	313	322	66,608
Interest income	17	5	-	-	-	238
Total revenues	11,527	12,154	1,530	313	322	85,755
Expenditures						
Salaries	8,056	5,778	-	-	-	56,477
Employee benefits	1,871	1,301	-	-	-	9,610
Purchased services	1,406	693	1,530	-	322	15,839
Supplies and materials	177	362	-	313	-	1,864
Capital outlay	-	4,020	-	-	-	4,020
Other	17	-	-	-	-	103
Total expenditures	11,527	12,154	1,530	313	322	87,913
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(2,158)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Net other sources and uses of financial resources	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	(2,158)
Fund Balance - beginning of year	-	-	-	-	-	16,485
Fund Balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,327

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II TEACHER QUALITY SYSTEM OF SUPPORT  
For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>July 1, 2004 - June 30, 2005 Actual</u>	<u>July 1, 2005 - June 30, 2006 Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Federal sources	\$ 5,000	\$ 1,129	\$ 3,871	\$ -
Interest income	-	-	-	-
Total revenues	<u>5,000</u>	<u>1,129</u>	<u>3,871</u>	<u>-</u>
<b>Expenditures</b>				
Salaries	950	950	-	-
Employee benefits	105	106	-	(1)
Purchased services	3,945	73	3,871	1
Supplies and materials	-	-	-	-
Other	-	-	-	-
Total expenditures	<u>5,000</u>	<u>1,129</u>	<u>3,871</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	<u>\$ -</u>	

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
STATE STANDARDS & ASSESSMENT SYSTEM OF SUPPORT  
For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>July 1, 2004 - June 30, 2005 Actual</u>	<u>July 1, 2005 - June 30, 2006 Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
State sources	\$ 18,422	\$ 5,824	\$ 13,221	\$ 623
Interest income	-	-	-	-
<b>Total revenues</b>	<u>18,422</u>	<u>5,824</u>	<u>13,221</u>	<u>623</u>
<b>Expenditures</b>				
Salaries	16,607	4,653	11,954	-
Employee benefits	1,611	579	1,032	-
Purchased services	204	592	235	(623)
Supplies and materials	-	-	-	-
Other	-	-	-	-
<b>Total expenditures</b>	<u>18,422</u>	<u>5,824</u>	<u>13,221</u>	<u>(623)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	<u>\$ -</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**STANDARDS ALIGNED CLASSROOM PROJECT**  
**For the Year Ended June 30, 2006**

**Waterloo Office**

	Budget	Actual	Variance Positive (Negative)
Revenues			
Federal sources	\$ 9,000	\$ 9,000	\$ -
Interest income	-	-	-
Total revenues	9,000	9,000	-
Expenditures			
Salaries	5,780	5,551	229
Employee benefits	1,042	997	45
Purchased services	678	1,932	(1,254)
Supplies and materials	1,500	520	980
Other	-	-	-
Total expenditures	9,000	9,000	-
Net change in fund balance	\$ -	-	\$ -
Fund balance - beginning of year		-	
Fund balance - end of year		\$ -	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I SCHOOL IMPROVEMENT SYSTEM OF SUPPORT (FY 2006)**  
**For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal sources	\$ 38,917	\$ 26,033	\$ (12,884)
Interest income	-	-	-
	<u>38,917</u>	<u>26,033</u>	<u>(12,884)</u>
Total revenue			
Expenditures			
Salaries	32,452	21,394	11,058
Employee benefits	4,953	3,530	1,423
Purchased services	1,512	1,109	403
Supplies and materials	-	-	-
Other	-	-	-
	<u>38,917</u>	<u>26,033</u>	<u>12,884</u>
Total expenditures			
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I SCHOOL IMPROVEMENT SYSTEM OF SUPPORT (FY 2005)  
For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>July 1, 2004 - June 30, 2005 Actual</u>	<u>July 1, 2005 - June 30, 2006 Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Federal sources	\$ 38,148	\$ 36,268	\$ 1,880	\$ -
Interest income	-	-	-	-
<b>Total revenues</b>	<u>38,148</u>	<u>36,268</u>	<u>1,880</u>	<u>-</u>
<b>Expenditures</b>				
Salaries	28,947	29,938	986	(1,977)
Employee benefits	5,138	4,336	668	134
Purchased services	4,063	1,994	226	1,843
Supplies and materials	-	-	-	-
Other	-	-	-	-
<b>Total expenditures</b>	<u>38,148</u>	<u>36,268</u>	<u>1,880</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	-	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	<u>\$ -</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**MATHEMATICS AND SCIENCE PARTNERSHIP (FY 2006)**  
**For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Federal sources	\$ 26,500	\$ 11,510	\$ (14,990)
Interest	-	17	17
	<u>26,500</u>	<u>11,527</u>	<u>(14,973)</u>
Total revenue			
<b>Expenditures</b>			
Salaries	14,260	8,056	6,204
Employee benefits	3,397	1,871	1,526
Purchased services	5,932	1,406	4,526
Supplies and materials	2,911	177	2,734
Other	-	17	(17)
	<u>26,500</u>	<u>11,527</u>	<u>14,973</u>
Total expenditures			
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	

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

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 MATHEMATICS AND SCIENCE PARTNERSHIP (FY 2005)  
 For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>July 1, 2004 - June 30, 2005 Actual</u>	<u>July 1, 2005 - June 30, 2006 Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Federal sources	\$ 15,750	\$ 3,596	\$ 12,149	\$ (5)
Interest income	-	-	5	5
<b>Total revenues</b>	<u>15,750</u>	<u>3,596</u>	<u>12,154</u>	<u>-</u>
<b>Expenditures</b>				
Salaries	6,650	1,125	5,778	(253)
Employee benefits	1,905	254	1,301	350
Purchased services	1,345	587	693	65
Supplies and materials	1,850	1,630	362	(142)
Capital outlay	4,000	-	4,020	(20)
<b>Total expenditures</b>	<u>15,750</u>	<u>3,596</u>	<u>12,154</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	<u>\$ -</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TITLE II TEACHER QUALITY**  
**For the Year Ended June 30, 2006**

**Waterloo Office**

	Budget	Actual	Variance Positive (Negative)
Revenues			
Federal sources	\$ 1,530	\$ 1,530	\$ -
Interest income	-	-	-
Total revenues	1,530	1,530	-
Expenditures			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased services	1,530	1,530	-
Supplies and materials	-	-	-
Other	-	-	-
Total expenditures	1,530	1,530	-
Net change in fund balance	\$ -	-	\$ -
Fund balance - beginning of year		-	
Fund balance - end of year		\$ -	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TITLE IV SAFE AND DRUG FREE SCHOOL FORMULA**  
**For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal sources	\$ 314	\$ 313	\$ (1)
Interest income	-	-	-
	<u>314</u>	<u>313</u>	<u>(1)</u>
Total revenues			
Expenditures			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	314	313	1
Other	-	-	-
	<u>314</u>	<u>313</u>	<u>1</u>
Total expenditures			
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	

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

**STATE OF ILLINOIS**  
**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TITLE V INNOVATIVE PROGRAMS**  
**For the Year Ended June 30, 2006**

**Waterloo Office**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal sources	\$ 322	\$ 322	\$ -
Interest income	-	-	-
	<u>322</u>	<u>322</u>	<u>-</u>
Total revenues			
Expenditures			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased services	322	322	-
Supplies and materials	-	-	-
Other	-	-	-
	<u>322</u>	<u>322</u>	<u>-</u>
Total expenditures			
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ -</u>	

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2006**

	<u>Bus Driver Permit Fund</u>	<u>General Education Development Fund</u>	<u>Supervisory Expense Fund</u>	
	<u>Waterloo</u>	<u>Waterloo</u>	<u>Waterloo</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 343	\$ 12,321	\$ -	\$ 12,664
Investments	-	-	-	-
Internal balances	-	-	-	-
Due from other governments				
State	-	-	-	-
Other	-	-	-	-
Prepaid Expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 343</u>	<u>\$ 12,321</u>	<u>\$ -</u>	<u>\$ 12,664</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Internal balances	-	-	-	-
Due to other governments				
State	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Reserved for:				
Encumbrances	-	-	-	-
Restricted	343	12,321	-	12,664
<b>Total fund balances</b>	<u>343</u>	<u>12,321</u>	<u>-</u>	<u>12,664</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 343</u>	<u>\$ 12,321</u>	<u>\$ -</u>	<u>\$ 12,664</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2006**

	Bus Driver Permit Fund	General Education Development Fund	Supervisory Expense Fund	
	Waterloo	Waterloo	Waterloo	Total
<b>Revenues</b>				
Local sources	\$ 972	\$ 4,069	\$ -	\$ 5,041
State sources	600	-	2,000	2,600
Interest income	15	179	-	194
Total Revenues	<u>1,587</u>	<u>4,248</u>	<u>2,000</u>	<u>7,835</u>
<b>Expenditures</b>				
Salaries	-	3,096	-	3,096
Employee benefits	-	1,374	-	1,374
Purchased services	3,218	1,340	2,000	6,558
Supplies and materials	-	1,290	-	1,290
Capital outlay	-	-	-	-
Other	-	-	-	-
Total Expenditures	<u>3,218</u>	<u>7,100</u>	<u>2,000</u>	<u>12,318</u>
Excess (deficiency) of revenues over expenditures	(1,631)	(2,852)	-	(4,483)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other sources and uses of financial resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,631)	(2,852)	-	(4,483)
Fund balance - beginning of year	<u>1,974</u>	<u>15,173</u>	<u>-</u>	<u>17,147</u>
Fund balance - end of year	<u>\$ 343</u>	<u>\$ 12,321</u>	<u>\$ -</u>	<u>\$ 12,664</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2006**

	Distributive Fund	State Aid Fund	Human Services Educational/ Vocational Project Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 518,240	\$ 518,240
Investments	-	-	1,200,000	1,200,000
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,718,240</b>	<b>\$ 1,718,240</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	4,976	4,976
Due to other governments	-	-	1,713,264	1,713,264
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,718,240</b>	<b>\$ 1,718,240</b>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Year Ended June 30, 2006**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b><u>Distributive Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 2,243,901	\$ 2,243,901	\$ -
TOTAL ASSETS	\$ -	\$ 2,243,901	\$ 2,243,901	\$ -
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 433	\$ 433	\$ -
Due to local educational agencies	-	2,243,468	2,243,468	-
TOTAL LIABILITIES	\$ -	\$ 2,243,901	\$ 2,243,901	\$ -
 <b><u>State Aid Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 873,459	\$ 873,459	\$ -
TOTAL ASSETS	\$ -	\$ 873,459	\$ 873,459	\$ -
<b>LIABILITIES</b>				
Due to local educational agencies	\$ -	\$ 873,459	\$ 873,459	\$ -
TOTAL LIABILITIES	\$ -	\$ 873,459	\$ 873,459	\$ -

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Year Ended June 30, 2006**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b><u>Human Services Educational/Vocational Project</u></b>				
<b>ASSETS</b>				
Cash	\$ 547,601	\$ 1,238,817	\$ 1,268,178	\$ 518,240
Investments	1,000,000	200,000	-	1,200,000
Due from other governments	189,823	-	189,823	-
<b>TOTAL ASSETS</b>	<b>\$ 1,737,424</b>	<b>\$ 1,438,817</b>	<b>\$ 1,458,001</b>	<b>\$ 1,718,240</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,110	\$ -	\$ 3,110	\$ -
Accrued wages and benefits	5,191	4,976	5,191	4,976
Due to local educational agencies	1,729,123	1,433,841	1,449,700	1,713,264
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 1,737,424</b>	<b>\$ 1,438,817</b>	<b>\$ 1,458,001</b>	<b>\$ 1,718,240</b>
<b><u>Total</u></b>				
<b>ASSETS</b>				
Cash	\$ 547,601	\$ 4,356,177	\$ 4,385,538	\$ 518,240
Investments	1,000,000	200,000	-	1,200,000
Due from other governments	189,823	-	189,823	-
<b>TOTAL ASSETS</b>	<b>\$ 1,737,424</b>	<b>\$ 4,556,177</b>	<b>\$ 4,575,361</b>	<b>\$ 1,718,240</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,110	\$ -	\$ 3,110	\$ -
Accrued wages and benefits	5,191	4,976	5,191	4,976
Due to other funds	-	433	433	-
Due to local educational agencies	1,729,123	4,550,768	4,566,627	1,713,264
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 1,737,424</b>	<b>\$ 4,556,177</b>	<b>\$ 4,575,361</b>	<b>\$ 1,718,240</b>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE/RANDOLPH COUNTIES  
DISTRIBUTIVE FUND**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
For the Year Ended June 30, 2006**

DISTRIBUTIONS	Acct. No.	ROE #45	BECK AREA VOCATIONAL CENTER	MENTAL HEALTH
<b>Local Funds</b>				
Distributive Fund Interest	1510	\$ 433	\$ -	\$ -
Total Local Funds		<u>433</u>	<u>-</u>	<u>-</u>
<b>State Funds</b>				
General State Aid - Sec. 18-8	3001	108,444	620,041	-
General State Aid - Hold Harmless	3002	-	-	-
Transition Assistance	3099	-	-	-
Special Ed. - Extraordinary	3105	-	-	-
Voc. Ed. - Secondary Program Improvement	3220	-	-	778,524
Voc. Ed. - Agricultural Education	3235	-	-	-
State Free Lunch & Breakfast	3360	155	504	-
Transportation - Regular	3500	-	88,232	-
ROE School Bus Driver Training	3520	600	-	-
Truants Alternative/Operational Ed.	3695	32,544	-	-
Regional Safe Schools Program	3696	107,942	-	-
ROE/ESC Operations	3730	57,689	-	-
ADA Safety & Education Block Grant	3775	-	-	-
Total State Funds		<u>307,374</u>	<u>708,777</u>	<u>778,524</u>
<b>Federal Funds</b>				
Title VI - Formula	4100	-	322	-
National School Lunch Program	4210	3,073	9,557	-
IASA - Even Start	4335	123,859	-	-
Title I - Reading First Part B SEA Funds	4337-02	-	-	-
IASA - Drug Free Schools - Formula	4400	-	314	-
Title IV- Community Service	4420	-	-	-
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	-	37,391
Fed. - Sp. Ed. - IDEA - Flow Through	4620	-	-	61,647
V.E. PERKINS	4740	-	-	238,646
V. E. - Perkins - Title IIC - Secondary	4745	-	-	-
Title II - Teacher Quality	4932	-	1,478	-
Total Federal Funds		<u>126,932</u>	<u>11,671</u>	<u>337,684</u>
<b>TOTAL DISTRIBUTIONS</b>		<u>\$ 434,739</u>	<u>\$ 720,448</u>	<u>\$ 1,116,208</u>

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

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE/RANDOLPH COUNTIES  
DISTRIBUTIVE FUND**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
For the Year Ended June 30, 2006**

<b>DISTRIBUTIONS</b>	<b>Acct. No.</b>	<b>CHESTER NHSD 122</b>	<b>OKAW REGIONAL VOC SYSTEM-EFE</b>	<b>TOTAL</b>
<b>Local Funds</b>				
Distributive Fund Interest	1510	\$ -	\$ -	\$ 433
Total Local Funds		-	-	433
<b>State Funds</b>				
General State Aid - Sec. 18-8	3001	94,202	-	822,687
General State Aid - Hold Harmless	3002	50,772	-	50,772
Transition Assistance	3099	6,437	-	6,437
Special Ed. - Extraordinary	3105	1,422	-	1,422
Voc. Ed. - Secondary Program Improvement	3220	-	565,871	1,344,395
Voc. Ed. - Agricultural Education	3235	-	20,154	20,154
State Free Lunch & Breakfast	3360	-	-	659
Transportation - Regular	3500	8,245	-	96,477
ROE School Bus Driver Training	3520	-	-	600
Truants Alternative/Operational Ed.	3695	-	-	32,544
Regional Safe Schools Program	3696	-	-	107,942
ROE/ESC Operations	3730	-	-	57,689
ADA Safety & Education Block Grant	3775	956	-	956
Total State Funds		162,034	586,025	2,542,734
<b>Federal Funds</b>				
Title VI - Formula	4100	-	-	322
National School Lunch Program	4210	-	-	12,630
IASA - Even Start	4335	-	-	123,859
Title I - Reading First Part B SEA Funds	4337-02	-	-	-
IASA - Drug Free Schools - Formula	4400	-	-	314
Title IV- Community Service	4420	-	-	-
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	-	37,391
Fed. - Sp. Ed. - IDEA - Flow Through	4620	-	-	61,647
V.E. PERKINS	4740	-	-	238,646
V. E. - Perkins - Title IIC - Secondary	4745	-	97,906	97,906
Title II - Teacher Quality	4932	-	-	1,478
Total Federal Funds		-	97,906	574,193
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 162,034</b>	<b>\$ 683,931</b>	<b>\$ 3,117,360</b>

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

**SINGLE AUDIT SECTION**

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2006**

Federal Grantor/Pass-Through Grantor, Program Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Illinois State Board of Education (ISBE): National School Lunch Program	10.555	06-4210-00	\$ 3,073
<b>U.S. Department of Education</b>			
Passed through Southern Illinois Collegiate Common Market: Workforce Investment Act Incentive (m)	17.267	05-4999	19,773
Passed through Illinois Community College Board: Adult Education - Federal Basic	84.002A	06-4800-00	51,722
Passed through ROE #50 St. Clair County: Title I School Improvement System of Support		06-4331-SS	26,033
Title I School Improvement System of Support		05-4331-SS	1,880
Total Title I School Improvement System of Support	84.010A		27,913
Mathematics and Science Partnership		06-4936-00	11,527
Mathematics and Science Partnership		05-4936-00	12,154
Total Mathematics and Science Partnership	84.366B		23,681
Title II Teacher Quality System of Support		05-4935-SS	3,871
Passed through Illinois State Board of Education (ISBE): Title II - Teacher Quality		06-4932-00	1,530
Total Title II Teacher Quality	84.367A		5,401
Title IV - Safe and Drug Free School Formula	84.186A	06-4400-00	313
Even Start (m)	84.213C	06-4335-01	126,326
Title V - Innovative Programs - Formula	84.298A	06-4100-00	322
Passed through ROE #3 Bond/Fayette/Effingham Counties: Standards Aligned Classroom Project	84.289A	06-4999-00	9,000
<b>Total Federal Awards</b>			<b>\$ 267,524</b>

(m) denotes major program

The accompanying notes are an integral part of this schedule.

**STATE OF ILLINOIS  
 REGIONAL OFFICE OF EDUCATION #45  
 MONROE AND RANDOLPH COUNTIES  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2006**

**NOTE 1: REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #45 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2: SUBRECIPIENTS**

The following grants were received by the Regional Office of Education #45 through its distributive fund and reported on the accompanying Schedule of Expenditures of Federal Awards. However, upon receipt, the funds were subsequently passed through to Beck Area Career Center:

	<u>CFDA#</u>	<u>Project#</u>	<u>Amount</u>
Title V - Innovative Programs - Formula	84.298A	06-4100-00	\$ 322
Title IV - Safe and Drug Free School - Formula	84.186A	06-4400-00	313
Title II - Teacher Quality	84.367A	06-4932-00	1,530
			<u>\$ 2,165</u>

**NOTE 3: LOANS AND INSURANCE**

There were no federal awards received or disbursed by the Monroe and Randolph Regional Office of Education for the purpose of loans or insurance.

**NOTE 4: DESCRIPTION OF MAJOR FEDERAL PROGRAMS**

*Even Start*

The Even Start program is based in Sparta and covers the surrounding rural area. The objective of the program is to assist children ages birth through seven and their parents. The parents must be eligible for participation in adult education and literacy activities under the Adult Education and Family Literacy Act. The components of Even Start are: interactive literacy activities between parents and their children; parent literacy training that leads to economic self-sufficiency; and age-appropriate education to prepare children for success in school. These activities and instruction are accomplished either in the home of the family or in a classroom setting. An Early Childhood Educator works with the children while a Parent Educator assists the parents.

**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #45  
MONROE AND RANDOLPH COUNTIES  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2006**

**NOTE 4: DESCRIPTION OF MAJOR FEDERAL PROGRAMS (CONTINUED)**

*Workforce Investment Act (WIA) Incentive*

The Workforce Investment Act incentive grant focuses on transition initiatives designed to educate and train current and potential workers in the Transportation, Warehousing Distribution, and Logistics (TWL) industry. This initiative provides a broad range of transition approaches to expanding the pipeline for trained workers and providing access to TWL trades. Participants were given academic training as well as skill level training.

**NOTE 5: NON-CASH ASSISTANCE**

Monroe/Randolph Regional Office of Education #45 did not receive any federal non-cash assistance.