

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #11**  
**CLARK, COLES, CUMBERLAND, DOUGLAS,**  
**EDGAR, MOULTRIE AND SHELBY 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 Office of the Auditor General**

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 FOR THE YEAR ENDED JUNE 30, 2006

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REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES

AGENCY OFFICIALS

Regional Superintendent  
(Current and during the Audit Period)

Mr. John McNary

Assistant Regional Superintendent  
(Current and during the Audit Period)

Mr. Nik Groothuis

Office is located at:

730 7<sup>th</sup> Street  
Charleston, Illinois 61920

**REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR,  
MOULTRIE, AND SHELBY COUNTIES  
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>
Findings	2	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	2

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )		
06-1	12a	Controls over Compliance with Laws and Regulations
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06-2	13	Unexpended Interest Income

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 31, 2006. Attending were John McNary, Superintendent, Kelly Mittelstaedt, CPA, Office of the Auditor General, and Tami Knight, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Mr. McNary.

## **FINANCIAL STATEMENT**

### **REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties Regional Office of Education #11 was performed by Kemper CPA Group LLP, CPAs.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #11's basic financial statements.





## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties Regional Office of Education #11, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #11's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #11's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #11, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2006, on our consideration of the Regional Office of Education #11's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16h and 46 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #11'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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, 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.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Marion, Illinois  
August 31, 2006



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 #11, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #11's basic financial statements and have issued our report thereon dated August 31, 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 #11'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 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 #11'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 an 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.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Marion, Illinois  
August 31, 2006



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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #11 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 #11's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #11's management. Our responsibility is to express an opinion on the Regional Office of Education #11's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #11's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Regional Office of Education #11's compliance with those requirements.

In our opinion, Regional Office of Education #11 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 06-2.

### Internal Control Over Compliance

The management of the Regional Office of Education #11 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 #11's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Marion, Illinois  
August 31, 2006

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 SUMMARY OF AUDITOR'S RESULTS  
 JUNE 30, 2006

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? No
- Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? No

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? Yes

Identification of **major** programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.289A	Standards Aligned Classroom – Statewide Professional Development

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

Auditee qualified as a low-risk auditee? No

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**Finding No. 06-1 – Controls Over Compliance with Laws and Regulations (Repeat 05-1)**

**Criteria/specific requirements:**

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

**Conditions:**

- A. The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #11 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and dates of visitation. The Regional Superintendent does submit an annual report each fall to the county boards in the region and holds meetings quarterly with several county board members.
- C. The Regional Office of Education #11 performs compliance inspections for each public school in his Region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.



REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**Finding No. 06-1 – Controls Over Compliance with Laws and Regulations (Repeat 05-1), Concluded**

**Effects:**

The Regional Office of Education #11 did not comply with statutory requirements.

**Causes:**

- A. The level of financial review performed by the Regional Superintendent is not adequate to comply with the statute.
- B. The Regional Superintendent does present an annual report to the county boards and holds quarterly meetings with county board members, but the Superintendent was unaware of the specific details required to be provided at the meetings.
- C. The Regional Superintendent does not believe that this statute is covered in the full compliance checklist provided by Illinois State Board of Education and therefore it is not being performed by the Regional Office of Education #11.

**Recommendations:**

- A. The Regional Office of Education #11 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter and present a report of all of his acts as county superintendent, including a list of all the schools visited with the dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items noted in the statute as required by 105 ILCS 5/3-14.5.

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

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**Management's responses:**

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicate and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent agrees with the finding.
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicate and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 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.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006

**SECTION III – FEDERAL AWARDS FINDINGS**

**Finding No.: 06-2 – Unexpended Interest Income**

**Federal Program Name & Year:** Standards Aligned Classroom Statewide Professional Development

**Project Number:** 06-4999-00

**CFDA Number:** 84.289A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/specific requirement:**

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

**Condition:**

The Regional Office of Education #11 had \$11,822 of accumulated interest income from federal funds at June 30, 2006 of which \$3,008 was carried forward from fiscal year 2005.

**Questioned Costs:**

\$11,822

**Context:**

N/A

**Effect:**

The accumulation and retention of unexpended interest income in excess of \$100 during the grant period is in violation of the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21) and should be returned to the granting agency.

**Cause:**

Oversight on the part of the Regional Office of Education #11.

**Recommendation:**

The Regional Office of Education #11 should expend up to \$100 of the interest income earned from each federally funded program on administrative program expenditures incurred during each program year. All interest earned on federally funded programs in excess of \$100 should be promptly returned to the federal grantor agency. The Regional Office of Education #11 should contact the Illinois State Board of Education and return the accumulated interest income.

**Management's Response:**

The Regional Superintendent agrees with the findings.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2006

**Finding No. 06-1**

**Condition:**

- A. The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #11 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the school visited and dates of visitation. The Regional Superintendent does submit an annual report each fall to the county boards in the region and holds regular meetings with several county board members.
- C. The Regional Office of Education #11 performs compliance inspections for each public school in his Region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

**Plan:**

- A. The Regional Office of Education #11 will comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent will attend the county board meeting in September and quarterly thereafter and present a report of all of his acts as county superintendent, including a list of all the schools visited with the dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent will visit each public school annually to review all items noted in the statute as required by 105 ILCS 5/3-14.5.

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

**Anticipated Completion Date:**

Immediately upon learning of the oversight.

**Contact Person:**

John McNary, Regional Superintendent of Schools

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONCLUDED)  
YEAR ENDED JUNE 30, 2006

**Finding No. 06-2**

**Condition:**

The Regional Office of Education #11 had \$11,822 of accumulated interest income from federal funds at June 30, 2006 of which \$3,008 was carried forward from fiscal year 2005.

**Plan:**

The Regional Office of Education #11 will expend up to \$100 of the interest income earned from each federally funded program on administrative program expenditures incurred during each program year. All interest earned on federally funded programs in excess of \$100 will be promptly returned to the federal grantor agency. The Regional Office of Education #11 will contact the Illinois State Board of Education and return the accumulated interest income.

**Anticipated Completion Date:**

Immediately upon learning of the oversight.

**Contact Person:**

John McNary, Regional Superintendent of Schools

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Controls over Compliance with Laws and Regulations	Repeated

## MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
AND SHELBY COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006

The Regional Office of Education #11 for the Counties of Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follow.

This is the third fiscal year the Regional Office of Education #11 has implemented new reporting standards with significant change in content and structure. Much of the information is not easily comparable to years prior to FY04. However, future year's comparisons will be meaningful and will go further in explaining the Regional Office of Education #11's financial position and results of operations.

**Financial Highlights**

- Within the Governmental Funds, the General Fund balance increased from \$386,296 in FY05 to \$412,563 in FY06, and the Education Fund balance increased from \$46,348 to \$94,521.
- Within the Proprietary Fund, Total Net Assets decreased from \$123,193 to \$99,330.

**Using This Report**

This 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 Regional Office's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detail information about the non-major funds.



REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
AND SHELBY COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006

**Reporting the Office as a Whole**

**The Statement of Net Assets and the Statement of Activities**

The government-wide statements report information about the Regional Office of Education #11 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Office's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

In the government-wide financial statements, the Regional Office of Education #11's activities are divided into two categories.

- **Governmental activities:** Most of the Regional Office of Education #11's basic services are included here, such as local, state, and federal grant-funded programs, support services, and administration.
- **Business-type activities:** The Regional Office of Education #11 charges fees to help cover costs of certain services and workshops it provides.

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds – not the Regional Office of Education as a whole. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #11 established other funds to control and manage money for particular purposes.

The Regional Office of Education #11 has the following types of funds:

1. **Governmental funds** account for all of the Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation between the governmental fund financial statements and the government-wide financial statements follows each of the

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
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 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2006

**Reporting the Office as a Whole (Concluded)**

related governmental fund financial statements. The Office's governmental funds include the General Fund and the Special Revenue Funds. The governmental fund required financial statements to include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. The Proprietary Fund is used to account for registration fees for workshops and other services sponsored by the Regional Office of Education #11. The Proprietary Fund's required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, Changes in Fund Net Assets, and Statement of Cash Flows.
3. Fiduciary funds are used to account for assets held by the Regional Office of Education #11 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets. The Regional Office of Education #11 excludes these assets from the government-wide financial statements because it cannot use these assets to finance its operations.

**Government –Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the financial position. The Regional Office's governmental activities net assets at the end of FY06 totaled \$628,339. This compared to \$538,072 at the end of FY05. The analysis that follows provides a summary of the Office's net assets at June 30, 2006 and 2005 for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET ASSETS**  
**Governmental Activities**

	2005	2006	Increase/ (Decreased)
Current Assets	\$ 851,683	\$ 859,753	8,070
Capital Assets, being depreciated, net	17,158	8,439	(8,719)
Total Assets	868,841	868,192	(649)
Current Liabilities	330,769	239,853	(90,916)
Net Assets:			
Invested in Capital Assets	17,158	8,439	(8,719)
Unrestricted	450,809	528,071	77,262
Restricted for teacher professional development	70,105	91,829	21,724
Total Net Assets	\$ 538,072	\$ 628,339	90,267

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
 AND SHELBY COUNTIES  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2006

**Government –Wide Financial Analysis (Continued)**

The Regional Office of Education's governmental Net Assets grew to \$628,339 from \$538,072. Cash and cash equivalents made up the majority of current assets. The decrease in current liabilities is due to the accrued amounts due back to other governments being paid out prior to year end. This factor has led to the increase in governmental net assets. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

**CONDENSED STATEMENT OF NET ASSETS**

**Business-type Activities**

	2005	2006	Increase/ (Decreased)
Current Assets	\$ 121,442	\$ 95,157	\$ (26,285)
Capital Assets, being depreciated, net	1,751	5,432	\$ 3,681
Total Assets	123,193	100,589	\$ (22,604)
Current Liabilities	-	1,259	\$ 1,259
Net Assets:			
Invested in Capital Assets	1,751	5,432	\$ 3,681
Unrestricted	121,442	93,898	\$ (27,544)
Total Net Assets	\$ 123,193	\$ 99,330	\$ (23,863)

The Regional Office of Education #11 uses its business-type net assets to provide workshops and training services to school districts in the region. The decrease in current assets and net assets is due to fewer workshops being held in fiscal year 2006 as compared to fiscal year 2005.

**STATEMENT OF ACTIVITIES**

The following analysis shows the changes in net assets for governmental and business-type activities for the year ended June 30, 2006 and 2005.

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
 AND SHELBY COUNTIES  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2006

**Government-Wide Financial Analysis (Continued)**

**STATEMENT OF ACTIVITIES**  
**Governmental Activities**

	2005	2006	Increase/ (Decrease)
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 2,181,183	\$ 1,703,308	\$ (477,875)
General Revenues			
Local sources	359,260	370,029	10,769
State sources	225,246	526,177	300,931
On-behalf payment	256,900	245,945	(10,955)
Transfer in / (out)	(10,124)	(7,624)	2,500
Investment earnings	21,307	38,876	17,569
Total Revenues	3,033,772	2,876,711	(157,061)
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and Benefits	910,687	865,260	(45,427)
Purchased Services	320,765	298,583	(22,182)
Supplies and Materials	77,097	114,353	37,256
Depreciation Expense	17,654	10,981	(6,673)
Payments to Other Governments	1,202,725	1,243,225	40,500
Other Objects	220,894	8,097	(212,797)
Administrative Expense:			
On-Behalf Payments - State	256,900	245,945	(10,955)
Total Expenses	3,006,722	2,786,444	(220,278)
Change in Net Assets	27,050	90,267	63,217
Net Assets - Beginning	511,022	538,072	27,050
Net Assets - Ending	\$ 538,072	\$ 628,339	90,267

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
 AND SHELBY COUNTIES  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2006

**Government-Wide Financial Analysis (Concluded)**

Revenues for governmental activities were \$2,876,711 and expenses were \$2,786,444. The decrease in total revenue is due to several factors. The decrease in funding from the Standards Alignment Classroom is a major factor in the decrease in total revenues. The Institute Fund is in the second year of a new five-year cycle for teacher certification and the number of people requiring certification renewal is high during this year. Also, the school districts in the region provided money in order to fingerprint substitute teachers. The Office organized a Professional Development Consortium of five school districts which generated \$21,000, state aid was increased, and grant funding grew slightly. Payments to other government units increased due to the timing of the Statewide Professional Development payments whose grant period did not end until after the fiscal year end.

**STATEMENT OF ACTIVITIES**  
**Business-Type Activities**

	<u>2005</u>	<u>2006</u>	<u>Increase/ (Decrease)</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 56,650	\$ 60,158	\$ 3,508
General Revenues			
Investment earnings	2,304	7,375	5,071
Transfer In	10,838	8,112	(2,726)
Transfer Out	(714)	(488)	226
Total Revenues	<u>69,078</u>	<u>75,157</u>	6,079
Expenses:			
Salaries and Benefits	55,655	51,270	(4,385)
Purchased Services	37,338	33,284	(4,054)
Supplies and Materials	4,763	12,472	7,709
Depreciation Expense	1,811	1,994	183
Total Expenses	<u>99,567</u>	<u>99,020</u>	(547)
Change in Net Assets	(30,489)	(23,863)	6,626
Net Assets - Beginning	<u>153,682</u>	<u>123,193</u>	(30,489)
Net Assets - Ending	<u>\$ 123,193</u>	<u>\$ 99,330</u>	(23,863)

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
AND SHELBY COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006

Revenues for the business-type activities were \$75,157 and expenses were \$99,020. This resulted in an overall decrease in total net assets of \$23,863. The slight increase in charges for services, and decrease in salaries and benefits and purchased services were due to the Regional Office providing fewer workshops to school districts as compared to FY05.

**Financial Highlights of the Regional Office of Education #11 Funds**

As previously noted, the Regional Office of Education #11 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund Highlights:**

- The return on investments (certificates of deposit, short term investments, and interest earned on float), were increased because of the increase in interest rates.
- County support for the Regional Office of Education #11 grew by 3.00% to \$256,925.
- There was an increase in the state aid foundation level to \$5,164 per student from \$4,964. This helped to maintain the dollars provided for the Safe Schools (Bridges) Program.
- Professional Development Consortium of five school districts generated \$21,000.

**Proprietary Fund Highlights:**

The Regional Office of Education #11's Local Workshop Fund has decreased due to the financial conditions of the school districts in the region. The school districts funding has decreased and they have become more selective in allowing teachers to attend workshops that are only for required training purposes. The Office has determined that it is not cost effective to hold workshops for fewer than 10 participants and therefore held fewer workshops this year than in the past.

**Budgetary Highlights:**

The Regional Office of Education #11 annually adopts budgets and is not required to do so with grantors for several funds. The Institute Fund, the Direct Services Budget and the Special Funds Budget are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the seven County Boards for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #11 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,  
AND SHELBY COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006

**Capital Assets**

Capital Assets of the Regional Office of Education #11 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #11 maintains an inventory of capital assets which have been accumulated over time. In addition, the Regional Office of Education #11 has adopted a depreciation schedule which reflects the level of Net Capital Assets.

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

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

- The State of Illinois Foundation level used in the calculation of State Aid was increased to \$5,334 per student for FY07.
- Although the interest rate on investments remain low, it has been steadily increasing.
- Several grants have remained near or at previous levels.
- County Board support of the Regional Office of Education #11 grew by 2.40% to \$263,125 for the period of time December 1, 2006 to November 30, 2007.
- The Professional Development Consortium includes seven school districts and will generate \$42,200 and the State of Illinois support for professional development activities will increase from \$77,050 to \$91,264.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #11 at 730 7<sup>th</sup> Street, Charleston, IL 61920.

## BASIC FINANCIAL STATEMENTS



REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash	\$ 810,013	\$ 88,717	\$ 898,730
Due from other governments	49,740	6,440	56,180
Total Current Assets	<u>859,753</u>	<u>95,157</u>	<u>954,910</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	8,439	5,432	13,871
Total Noncurrent Assets	<u>8,439</u>	<u>5,432</u>	<u>13,871</u>
Total Assets	<u>868,192</u>	<u>100,589</u>	<u>968,781</u>
Liabilities			
Current Liabilities:			
Accounts payable	5,599	1,259	6,858
Due to other governments	226,968	-	226,968
Deferred revenue	7,286	-	7,286
Total Current Liabilities	<u>239,853</u>	<u>1,259</u>	<u>241,112</u>
Net Assets			
Invested in capital assets	8,439	5,432	13,871
Unrestricted	528,071	93,898	621,969
Restricted for teacher professional development	91,829	-	91,829
Total Net Assets	<u>\$ 628,339</u>	<u>\$ 99,330</u>	<u>\$ 727,669</u>

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

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>						
Governmental Activities:						
Instructional Services:						
Current:						
Salaries and benefits	\$ 865,260	\$ -	\$ 569,485	\$ (295,775)	\$ -	\$ (295,775)
Purchased services	298,583	-	68,224	(230,359)	-	(230,359)
Supplies and materials	114,353	-	54,159	(60,194)	-	(60,194)
Depreciation expense	10,981	-	-	(10,981)	-	(10,981)
Capital Outlay	-	-	2,262	2,262	-	2,262
Payments to other governments	1,243,225	-	1,006,738	(236,487)	-	(236,487)
Other objects	8,097	-	2,440	(5,657)	-	(5,657)
Administrative:						
On-behalf payments - State	245,945	-	-	(245,945)	-	(245,945)
Total Governmental Activities	<u>2,786,444</u>	<u>-</u>	<u>1,703,308</u>	<u>(1,083,136)</u>	<u>-</u>	<u>(1,083,136)</u>
Business-Type Activities						
Operating	97,026	60,158	-	-	(36,868)	(36,868)
Depreciation	1,994	-	-	-	(1,994)	(1,994)
Total Business-Type Activities	<u>99,020</u>	<u>60,158</u>	<u>-</u>	<u>-</u>	<u>(38,862)</u>	<u>(38,862)</u>
Total Primary Government	<u>\$ 2,885,464</u>	<u>\$ 60,158</u>	<u>\$ 1,703,308</u>	<u>(1,083,136)</u>	<u>(38,862)</u>	<u>(1,121,998)</u>
General Revenues:						
Local sources				370,029	-	370,029
State sources				526,177	-	526,177
On-behalf payments				245,945	-	245,945
Investment earnings				38,876	7,375	46,251
Transfer In				488	8,112	8,600
Transfer Out				(8,112)	(488)	(8,600)
Total General Revenues, Special and Extraordinary Items and Transfers				<u>1,173,403</u>	<u>14,999</u>	<u>1,188,402</u>
Change in Net Assets				90,267	(23,863)	66,404
Net Assets - Beginning				<u>538,072</u>	<u>123,193</u>	<u>661,265</u>
Net Assets - Ending				<u>\$ 628,339</u>	<u>\$ 99,330</u>	<u>\$ 727,669</u>

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

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2006

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>Assets:</b>					
Cash	\$ 376,524	\$ 322,760	\$ 110,729	\$ -	\$ 810,013
Due from other funds	36,116	-	-	(36,116)	-
Due from other governments	-	47,653	2,087	-	49,740
<b>Total Assets</b>	<b><u>\$ 412,640</u></b>	<b><u>\$ 370,413</u></b>	<b><u>\$ 112,816</u></b>	<b><u>\$ (36,116)</u></b>	<b><u>\$ 859,753</u></b>
<b>Liabilities:</b>					
Accounts payable	\$ 77	\$ 5,522	\$ -	\$ -	\$ 5,599
Due to other funds	-	36,116	-	(36,116)	-
Due to other governments	-	226,968	-	-	226,968
Deferred revenue	-	7,286	-	-	7,286
<b>Total Liabilities</b>	<b><u>77</u></b>	<b><u>275,892</u></b>	<b><u>-</u></b>	<b><u>(36,116)</u></b>	<b><u>239,853</u></b>
<b>Fund Balances:</b>					
<b>Unreserved, reported in:</b>					
General fund	412,563	-	-	-	412,563
Special revenue funds	-	94,521	112,816	-	207,337
<b>Total Fund Balances</b>	<b><u>412,563</u></b>	<b><u>94,521</u></b>	<b><u>112,816</u></b>	<b><u>-</u></b>	<b><u>619,900</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 412,640</u></b>	<b><u>\$ 370,413</u></b>	<b><u>\$ 112,816</u></b>	<b><u>\$ (36,116)</u></b>	<b><u>\$ 859,753</u></b>

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

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

Fund Balances—Total Governmental Funds \$ 619,900

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. 8,439

Net Assets of Governmental Activities \$ 628,339

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

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 264,260	\$ 39,897	\$ 65,872	\$ -	\$ 370,029
State sources	79,490	896,796	8,320	-	984,606
State sources- payments made on behalf of region	245,945	-	-	-	245,945
Federal sources	-	1,244,879	-	-	1,244,879
<b>Total Revenues</b>	<b>589,695</b>	<b>2,181,572</b>	<b>74,192</b>	<b>-</b>	<b>2,845,459</b>
<b>Expenditures:</b>					
<b>Instructional Services</b>					
<b>Current:</b>					
Salaries and benefits	240,001	620,587	4,672	-	865,260
Purchased services	87,193	169,312	42,078	-	298,583
Supplies and materials	14,657	96,502	3,194	-	114,353
Capital outlay	941	656	665	-	2,262
Payments to other governments	-	1,243,225	-	-	1,243,225
Other objects	4,145	-	3,952	-	8,097
Payments made on behalf of region	245,945	-	-	-	245,945
<b>Total Expenditures</b>	<b>592,882</b>	<b>2,130,282</b>	<b>54,561</b>	<b>-</b>	<b>2,777,725</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,187)</b>	<b>51,290</b>	<b>19,631</b>	<b>-</b>	<b>67,734</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	10,986	2,500	-	(12,998)	488
Transfers out	(5,000)	(12,112)	(3,998)	12,998	(8,112)
Interest	23,468	6,495	8,913	-	38,876
<b>Total Other Financing Sources (Uses)</b>	<b>29,454</b>	<b>(3,117)</b>	<b>4,915</b>	<b>-</b>	<b>31,252</b>
<b>Net Change in Fund Balances</b>	<b>26,267</b>	<b>48,173</b>	<b>24,546</b>	<b>-</b>	<b>98,986</b>
Fund Balances - Beginning	386,296	46,348	88,270	-	520,914
<b>Fund Balances - Ending</b>	<b>\$ 412,563</b>	<b>\$ 94,521</b>	<b>\$ 112,816</b>	<b>\$ -</b>	<b>\$ 619,900</b>

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

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2006

Net Change in Fund Balances—Total Governmental Funds \$ 98,986

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

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

Capital outlay (\$1,606 and \$656 was expended from State and local funding, respectively.)	\$ 2,262	
Depreciation expense	(10,981)	(8,719)

Change in Net Assets of Governmental Activities \$ 90,267

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

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2006

	Business-Type Activities- Enterprise Funds	
	Local Workshops	Totals
Assets:		
Current Assets:		
Cash	\$ 88,717	\$ 88,717
Due from other governments	6,440	6,440
Total Current Assets	95,157	95,157
Noncurrent Assets:		
Capital assets, being depreciated, net	5,432	5,432
Total Noncurrent Assets	5,432	5,432
Total Assets	100,589	100,589
Liabilities:		
Current Liabilities:		
Accounts payable	1,259	1,259
Total Current Liabilities	1,259	1,259
Net Assets		
Invested in capital assets	5,432	5,432
Unrestricted	93,898	93,898
Total Net Assets	\$ 99,330	\$ 99,330

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

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY 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	
	Local	
	Workshops	Totals
Operating Revenues:		
Local sources	\$ 60,158	\$ 60,158
Total Operating Revenues	60,158	60,158
Operating expenses:		
Salaries and benefits	51,270	51,270
Purchased services	33,284	33,284
Supplies and materials	12,472	12,472
Depreciation expense	1,994	1,994
Total Operating Expenses	99,020	99,020
Operating Income (Loss)	(38,862)	(38,862)
Nonoperating Revenues:		
Interest income	7,375	7,375
Total Nonoperating Revenue	7,375	7,375
Income (Loss) Before Contributions, Gains, Losses, and Transfers	(31,487)	(31,487)
Capital contributions		
Transfers in	8,112	8,112
Transfers (out)	(488)	(488)
Change in Net Assets	(23,863)	(23,863)
Total Net Assets - Beginning	123,193	123,193
Total Net Assets - Ending	\$ 99,330	\$ 99,330

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



REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities- Enterprise Funds	
	Local	
	Workshops	Totals
Cash Flows From Operating Activities:		
Workshop receipts	\$ 53,718	\$ 53,718
Payments to providers of services	(44,497)	(44,497)
Payments to employees	(51,270)	(51,270)
Net Cash Provided by (Used for) Operating Activities	(42,049)	(42,049)
Cash Flows From Noncapital Financing Activities:		
Cash transfers from other funds	8,112	8,112
Cash transfers to other funds	(488)	(488)
Net Cash Provided by Noncapital Financing Activities	7,624	7,624
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(5,675)	(5,675)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(5,675)	(5,675)
Cash Flows from Investing Activities:		
Interest received on investments	7,375	7,375
Net Cash Provided by Investing Activities	7,375	7,375
Net Increase in Cash and Cash Equivalents	(32,725)	(32,725)
Cash and Cash Equivalents - Beginning	121,442	121,442
Cash and Cash Equivalents - Ending	\$ 88,717	\$ 88,717
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (38,862)	\$ (38,862)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	1,994	1,994
Change in assets and liabilities:		
Increase in accounts receivable	(6,440)	(6,440)
Increase in accounts payable	1,259	1,259
Net Cash Provided by (Used for) Operating Activities	\$ (42,049)	\$ (42,049)

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

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2006

	Agency Funds
<b>Assets</b>	
Cash	\$ 188
Due from other governments	3,108,239
Total Assets	\$ 3,108,427
<b>Liabilities</b>	
Accounts payable	\$ 188
Due to other governments	3,108,239
Total Liabilities	\$ 3,108,427

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

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

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

The Regional Office of Education #11 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2006, the Regional Office of Education #11 implemented Governmental Accounting Standards Board (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 No. 34 and GASB No. 47, *Accounting for Termination Benefits*. The Regional Office of Education #11 implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

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

**A. FINANCIAL REPORTING ENTITY**

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine school 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 #11's districts; providing township treasurers with a list of district treasurers; inspecting and approving 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 within his region are properly bonded.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or see that no payments are made unless the treasurer has filed or renewed the appropriate bond 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 #11 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 #11. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #11 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #11 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #11, 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 #11 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 #11 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #11 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #11 being considered a component unit of the entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #11's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #11 has one business-type activity that relies on fees and charges for support.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Regional Office of Education #11's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #11 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #11's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated.

D. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #11; therefore, revenues are recognized

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

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

G. FUND ACCOUNTING

The Regional Office of Education #11 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #11 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #11 has presented all major funds that met the above qualifications.

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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

The Regional Office of Education #11 reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Regional Office of Education #11. It is used to account for the expenditures, which benefit all school districts in the region except those required to be accounted for in other funds. General Funds include the following:

**County** - This fund is used to account for all financial resources except those required to be accounted for in other funds.

**Direct Service** - This fund is used to account for interest that is earned on deposits in the Distributive Fund's interest-bearing checking account.

**ROE/ISC Operations** - This fund accounts for the resources associated with all the individual funds within the Education Fund which are not required to be accounted for in any specific fund within the Education Fund.

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

**Education Fund** - This fund is used to account for various grant and education enhancement programs as follows:

**Title IV - Safe & Drug Free School Formula** - This program accounts for the proceeds from federal grants expended under the Safe and Drug Free Schools program. The program concentrates on developing Regional Prevention Groups (RPG) and coordination of school policies, curriculum, family support, and community activities to improve the effectiveness of prevention efforts.

**Pathways** - This program accounts for money received from local districts to provide services for the districts' 16-21 year old drop out students. The Region subcontracts Lake Land College to provide the services.

**Illinois Violence Prevention Authority** - This program accounts for State funds received to develop and implement the operation of violence prevention activities in Regional Office of Education #11.



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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Standards Aligned Classroom (SAC) Statewide Professional Development - This program accounts for the proceeds from the Statewide Professional Development grant. This grant is for the funding of statewide professional development activities that will be conducted by 44 Regional Offices of Education, including the Regional Office of Education #11, and the three Intermediate Service Centers in Suburban Cook County in the amount of State funds approved by the Illinois State Board of Education. This grant is administered by Regional Office of Education #11.

Title I - School Improvements - This program accounts for the activities resulting from the Region's participation in the Title I School Improvement grant. Financing is provided from federal grants administered by the Illinois State Board of Education.

Truants Alternative Optional Education - This program accounts for the proceeds from State grants expended under a program to reduce student truancy.

Regional Safe Schools - This program accounts for the proceeds from the Regional Safe Schools monies. The program concentrates on the education of students who have been expelled from the school districts served by Regional Office of Education #11.

Youth Services - This program accounts for the general state aid and non grant expenditures for the Truancy Program and Regional Safe Schools Program which are both youth service activities.

Title I – Reading First Part B SEA Funds – This program provides support for the Reading First Reading Academies that focus training on the best practices in reading and are targeted to the K-2 teachers.

Title II – Teacher Quality – The program provides funding to support academic achievement of all students by helping schools to improve teacher and principal quality.

Area IV System of Support- This program was formed to assist area schools and districts within six regional offices in Area IV with systematic and sustainable improvement efforts.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

The Regional Office of Education #11 reports the following nonmajor governmental funds:

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

Institute Fund - This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

General Educational Development Fund (GED) – This fund accounts for proceeds earned from students who pay to participate in the high school equivalency program. These proceeds are used to pay administrative expenses incurred to administer the GED program.

Bus Driver Training – This fund accounts for the fees charged for annual training courses. Proceeds from these fees are used to pay administrative expenses incurred pertaining to the program.

Supervisory Fund - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related expenses.

PROPRIETARY FUND

Proprietary Funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #11 on a cost reimbursement basis are reported.

The Regional Office of Education #11 reports the following proprietary fund:

Local Workshops – The local workshops fund is used to account for the workshop registration fees and expenses related to workshops sponsored by the Regional Office of Education #11.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUND

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #11 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #11's Agency Funds include the following:

Distributive Fund - This fund accounts for the proceeds apportioned to the Region that in turn distributes the proceeds to the member school districts.

Regional Trustee Fund - This fund accounts for the proceeds from the sale of school properties, royalties, and other receipts by the Superintendent that are forwarded to school districts. It is also used to account for detachment request fees received from landowners. The remainder of fees after expenses of the detachment hearing are returned to the landowner.

Interest on Distributive Fund - Interest on the distributive fund is transferred semi-annually to recipients.

H. NET ASSETS

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation or external restrictions by grantors, laws or regulations of other governments.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit.

J. INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than two years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

L. COMPENSATED ABSENCES

Sick pay must be accumulated but does not vest with the employee. Vacation time can be carried over up to a maximum of five days per year. However, any accruals as of June 30 are considered immaterial by management and not reflected in the basic financial statements.

M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. BUDGET INFORMATION

The Regional Office of Education #11 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget information has been provided in supplementary schedules for the following funds: ROE/ISC Operations, Title IV – Safe and Drug Free School - Formula, Standards Aligned Classroom Statewide Professional Development, Truant Alternative/Optional Education, Regional Safe Schools, Title I – Reading First Part B SEA Funds, Title II – Teacher Quality, and Area IV - System of Support.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #11 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2006, the carrying amount of the Regional Office of Education #11's government-wide and Agency fund deposits were \$898,730 and \$188, respectively, and the bank balances were \$982,278 and \$92,174, respectively.

At June 30, 2006, \$225,350 of the Regional Office of Education #11's cash deposits was insured by the Federal Deposit Insurance Corporation. Another \$754,216 was collateralized by securities pledged by the Regional Office's financial institution on behalf of the Regional Office.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
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JUNE 30, 2006

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #11 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2006, the Regional Office of Education #11 had investments with carrying and fair value of \$94,886 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

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

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 - DEFINED BENEFIT PENSION PLAN

The Regional Office of Education #11's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan that 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.

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 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2006

**NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)**

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Regional Office of Education #11 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 10.84 percent of payroll. The Regional Office of Education #11 contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, the Regional Office of Education #11's annual pension cost of \$21,316 was equal to the Regional Office of Education #11'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.

**A. TREND INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/05	21,316	100%	\$0
12/31/04	42,154	100%	0
12/31/03	45,358	100%	0
12/31/02	63,965	100%	0
12/31/01	57,192	100%	0
12/31/00	55,836	100%	0
12/31/99	45,067	100%	0
12/31/98	36,942	100%	0
12/31/97	17,367	100%	0
12/31/96	12,487	100%	0

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

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

The Regional Office of Education #11 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of the retirement plan. The Regional Office of Education #11 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 of Education #11's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #11. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office of Education #11 recognized revenue and expenditures of \$42,833 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 (\$65,751) and 13.98 percent (\$67,561), respectively.

The Regional Office of Education #11 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 \$3,519. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$3,243 and \$2,803, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education #11, there is a statutory requirement for the Regional Office of Education #11 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 for TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$70,943 were paid from federal and trust funds that required employer

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2006

**NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)**

contributions of \$5,009. For the years ended June 30, 2005, and June 30, 2004, required Regional Office of Education #11 contributions were \$7,299 and \$1,231, respectively.

- **Early retirement option.** The Regional Office of Education #11 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO). Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contributions 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 years ended June 30, 2006, June 30, 2005, and June 30, 2004, the Regional Office of Education #11 paid no employer contributions under the Early Retirement Option.

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 June 30, 2006, is expected to be available in late 2006. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at [trs.illinois.gov](http://trs.illinois.gov).

**NOTE 5 - DUE TO/FROM OTHER FUNDS**

Interfund due to/from other fund balances at June 30, 2006 consist of the following individual due to/from other funds in the governmental fund balance sheet and the proprietary fund Statement of Net Assets. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Direct Services	Area IV - System of Support	<u>\$ 36,116</u>



REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2006

NOTE 6 - INTERFUND ACTIVITY

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2006 consist of the following individual transfers in/out other funds in the governmental fund balance sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Governmental Funds:	Governmental Funds:	
County	SAC Statewide Professional Development	\$ 1,000
County	Youth Services	5,000
Direct Service	Institute	3,998
Youth Services	Direct Service	2,500
County	IVPA	500
Governmental Funds:	Proprietary Fund:	
County	Local Workshops	488
Proprietary Fund:	Governmental Funds:	
Local Workshops	Direct Service	2,500
Local Workshops	Title I - School Improvement	509
Local Workshops	Youth Services	5,000
Local Workshops	Title I - Reading First Part B SEA Fund	103
Total		<u>\$ 21,598</u>

NOTE 7 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #11 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2006:

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2006

NOTE 7 – CAPITAL ASSETS (Continued)

	Balance			Balance
	July 1, 2005	Additions	Deletions	June 30, 2006
Governmental Activities				
General Funds:				
Office Operating	\$ 71,819	\$ 800	\$ 11,827	\$ 60,792
ROE/ISC Operations	11,749	-	6,948	4,801
Direct Services	-	141	-	141
Total for General Funds	<u>83,568</u>	<u>941</u>	<u>18,775</u>	<u>65,734</u>
Special Revenue Funds:				
General Education Development	-	400	-	400
Institute	-	265	-	265
Total for Special Revenue Funds	<u>-</u>	<u>665</u>	<u>-</u>	<u>665</u>
Education Funds:				
Regional Safe Schools	73,130	-	5,988	67,142
Youth Services	16,829	-	4,220	12,609
Title I - Reading First Part B SEA	4,496	-	498	3,998
Area IV System of Support	2,500	656	-	3,156
Title II - Teacher Quality	890	-	-	890
Technology Enhancing Education	7,244	-	-	7,244
Total for Education Funds	<u>105,089</u>	<u>656</u>	<u>10,706</u>	<u>95,039</u>
Total - Governmental Activities	<u>188,657</u>	<u>2,262</u>	<u>29,481</u>	<u>161,438</u>
Less: Accumulated Depreciation	<u>171,499</u>	<u>10,981</u>	<u>29,481</u>	<u>152,999</u>
Investment in Capital Assets, Net				
Governmental Activities	<u>\$ 17,158</u>	<u>\$ (8,719)</u>	<u>\$ -</u>	<u>\$ 8,439</u>
	Balance			Balance
	July 1, 2005	Additions	Deletions	June 30, 2006
Business-Type Activities:				
Local	\$ 21,345	\$ 5,675	\$ 6,600	\$ 20,420
Total Business-Type Activities	21,345	5,675	6,600	20,420
Less: Accumulated Depreciation	<u>19,594</u>	<u>1,994</u>	<u>6,600</u>	<u>14,988</u>
Investment in Capital Assets, Net	<u>\$ 1,751</u>	<u>\$ 3,681</u>	<u>\$ -</u>	<u>\$ 5,432</u>

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 7 – CAPITAL ASSETS (Concluded)

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2006 of \$10,981 and \$1,994 was charged to governmental activities and business-type activities, respectively. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 8 - RISK MANAGEMENT

The Regional Office of Education #11 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #11 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #11:

Regional Superintendent Salary	\$ 88,540
Regional Superintendent Fringe Benefit (Includes State paid insurance)	17,095
Assistant Regional Superintendent Salary	79,686
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	17,791
TRS Pension contribution	<u>42,833</u>
Total	<u>\$245,945</u>

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

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2006

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #11’s Agency Fund, Proprietary Fund, and Education Fund have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments:

<u>Fiduciary Fund</u>	
Illinois State Board of Education	\$3,108,239
<u>Nonmajor Special Revenue Fund</u>	
Illinois State Board of Education	2,087
<u>Proprietary Fund</u>	
Local Governments	6,440
<u>Education Fund</u>	
Local Governments	44,423
State Governments	<u>3,230</u>
Total	<u>\$3,164,419</u>

Due To Other Governments:

<u>Fiduciary Fund</u>	
Local School Districts	\$3,108,239
<u>Education Fund</u>	
Local Government	<u>226,968</u>
Total	<u>\$3,335,207</u>

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006

NOTE 11 – OPERATING LEASES

The Regional Office of Education #11 has entered into several operating lease agreements for its office facilities, Bridges Alternative School Program, Regional Safe Schools Program, a postage meter, two copiers, and office space for the Illinois Technical Assistance Network (ITAN). During the year ended June 30, 2006 rentals under lease obligations were \$73,164. Future minimum rentals are as follows for the years ending June 30:

2007	\$ 57,924
2008	57,924
2009	52,362
2010	46,800
2011	46,800
2012-2016	234,000
2017-2021	<u>206,700</u>
Total	<u>\$ 702,510</u>

**REQUIRED SUPPLEMENTAL INFORMATION**  
**(Other than Management's Discussion and Analysis)**

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2006

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	541,092	562,995	21,903	96.11%	196,641	11.14%
12/31/04	478,419	541,658	63,239	88.32%	215,843	29.30%
12/31/03	491,088	540,779	49,691	90.81%	232,843	21.34%
12/31/02	518,042	510,298	(7,744)	101.52%	272,540	0.00%
12/31/01	373,015	459,020	86,005	81.26%	257,853	33.35%
12/31/00	258,514	405,075	146,561	63.82%	236,893	61.87%
12/31/99	270,741	438,985	168,244	61.67%	247,898	67.87%
12/31/98	192,961	407,710	214,749	47.33%	241,925	88.77%
12/31/97	228,909	358,256	129,347	63.90%	226,667	57.06%
12/31/96	371,339	471,851	100,512	78.70%	185,542	54.17%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$551,417.

On a market basis, the funded ratio would be 97.94%.

**\* Digest of changes**

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

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

## SUPPLEMENTAL INFORMATION



REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2006

	<u>County</u>	<u>Direct Service</u>	<u>ROE/ISC Operations</u>	<u>TOTALS</u>
<b>Assets</b>				
Cash	\$ 181,465	\$ 60,437	\$ 134,622	\$ 376,524
Due from other funds	-	36,116	-	36,116
<b>Total Assets</b>	<b>\$ 181,465</b>	<b>\$ 96,553</b>	<b>\$ 134,622</b>	<b>\$ 412,640</b>
<b>Liabilities</b>				
Accounts Payable	\$ 77	\$ -	\$ -	\$ 77
<b>Total Liabilities</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>77</b>
<b>Fund Balances</b>				
Unreserved	181,388	96,553	134,622	412,563
<b>Total Fund Balances</b>	<b>181,388</b>	<b>96,553</b>	<b>134,622</b>	<b>412,563</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 181,465</b>	<b>\$ 96,553</b>	<b>\$ 134,622</b>	<b>\$ 412,640</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

	County	Direct Service	ROE/ISC Operations	TOTALS
<b>Revenues</b>				
Local sources	\$ 250,181	\$ 14,079	\$ -	\$ 264,260
State sources	-	2,440	77,050	79,490
State sources-payments made of behalf of region	245,945	-	-	245,945
<b>Total Revenues</b>	<b>496,126</b>	<b>16,519</b>	<b>77,050</b>	<b>589,695</b>
<b>Expenditures</b>				
Salaries and benefits	164,104	-	75,897	240,001
Purchased services	57,751	28,287	1,155	87,193
Supplies and materials	14,657	-	-	14,657
Capital outlay	800	141	-	941
Other objects	-	4,145	-	4,145
Payments made on behalf of region	245,945	-	-	245,945
<b>Total Expenditures</b>	<b>483,257</b>	<b>32,573</b>	<b>77,052</b>	<b>592,882</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>12,869</b>	<b>(16,054)</b>	<b>(2)</b>	<b>(3,187)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,988	3,998	-	10,986
Transfers out	-	(5,000)	-	(5,000)
Interest	3,610	18,981	877	23,468
<b>Total Other Financing Sources (Uses)</b>	<b>10,598</b>	<b>17,979</b>	<b>877</b>	<b>29,454</b>
<b>Net Change in Fund Balances</b>	<b>23,467</b>	<b>1,925</b>	<b>875</b>	<b>26,267</b>
<b>Fund Balance - Beginning</b>	<b>157,921</b>	<b>94,628</b>	<b>133,747</b>	<b>386,296</b>
<b>Fund Balance - Ending</b>	<b>\$ 181,388</b>	<b>\$ 96,553</b>	<b>\$ 134,622</b>	<b>\$ 412,563</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND ACCOUNTS  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Local	\$ -	\$ -	\$ -
State	77,050	77,050	77,050
Total Revenues	<u>77,050</u>	<u>77,050</u>	<u>77,050</u>
Expenditures			
Current:			
Salaries and benefits	75,671	75,671	75,897
Purchased services	1,379	1,379	1,155
Total Expenditures	<u>77,050</u>	<u>77,050</u>	<u>77,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(2)</u>
Other Financing Sources (Uses)			
Transfer in	-	-	-
Transfer out	-	-	-
Interest	-	-	877
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>877</u>
Net Change in Fund Balance	-	-	875
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>133,747</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,622</u>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2006

	Title IV - Safe & Drug Free School - Formula	Pathways	Illinois Violence Prevention Authority	SAC Statewide Professional Development
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 4,056	\$ 226,968
Due from other funds	-	-	-	-
Due from other governments	-	-	3,230	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,286</b>	<b>\$ 226,968</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	226,968
Deferred revenue	-	-	7,286	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>7,286</b>	<b>226,968</b>
<b>Fund Balances</b>				
Unreserved	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,286</b>	<b>\$ 226,968</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2006

	Title I - School Improvements	Truants Alternative Optional Education	Regional Safe Schools	Youth Services
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ 91,736
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 91,736</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,522
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,522</b>
<b>Fund Balances</b>				
Unreserved	-	-	-	86,214
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,214</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 91,736</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2006

	Title I - Reading First Part B SEA	Title II - Teacher Quality	Area IV - System of Support	Total
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ 322,760
Due from other funds	-	-	-	-
Due from other governments	-	-	44,423	47,653
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,423</b>	<b>\$ 370,413</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,522
Due to other funds	-	-	36,116	36,116
Due to other governments	-	-	-	226,968
Deferred revenue	-	-	-	7,286
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>36,116</b>	<b>275,892</b>
<b>Fund Balances</b>				
Unreserved	-	-	8,307	94,521
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>8,307</b>	<b>94,521</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,423</b>	<b>\$ 370,413</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Title IV - Safe & Drug Free School - Formula	Pathways	Illinois Violence Prevention Authority	SAC Statewide Professional Development
<b>Revenues</b>				
Local sources	\$ -	\$ 26,000	\$ -	\$ 9,000
State sources	-	-	19,923	-
Federal sources	542	-	-	1,000,000
<b>Total Revenues</b>	<b>542</b>	<b>26,000</b>	<b>19,923</b>	<b>1,009,000</b>
<b>Expenditures</b>				
Salaries and benefits	-	-	15,044	7,112
Purchased services	-	-	3,085	1,889
Supplies and materials	547	-	1,520	1,498
Capital outlay	-	-	-	-
Payments to other governments	-	26,000	-	997,601
<b>Total Expenditures</b>	<b>547</b>	<b>26,000</b>	<b>19,649</b>	<b>1,008,100</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5)</b>	<b>-</b>	<b>274</b>	<b>900</b>
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	-	-	-
Transfer out	-	-	(500)	(1,000)
Interest	5	-	226	100
<b>Total Other Financing Sources (Uses)</b>	<b>5</b>	<b>-</b>	<b>(274)</b>	<b>(900)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Title I - School Improvements	Truants Alternative Optional Education	Regional Safe Schools	Youth Services
<b>Revenues</b>				
Local sources	\$ 509	\$ -	\$ -	\$ 4,388
State sources	-	95,434	220,558	531,972
Federal sources	-	-	-	25,692
<b>Total Revenues</b>	<b>509</b>	<b>95,434</b>	<b>220,558</b>	<b>562,052</b>
<b>Expenditures</b>				
Salaries and benefits	-	89,584	220,259	172,396
Purchased services	-	6,096	671	95,500
Supplies and materials	-	-	-	33,547
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	218,679
<b>Total Expenditures</b>	<b>-</b>	<b>95,680</b>	<b>220,930</b>	<b>520,122</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>509</b>	<b>(246)</b>	<b>(372)</b>	<b>41,930</b>
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	-	-	2,500
Transfer out	(509)	-	-	(10,000)
Interest	-	246	372	5,436
<b>Total Other Financing Sources (Uses)</b>	<b>(509)</b>	<b>246</b>	<b>372</b>	<b>(2,064)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,866</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,348</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,214</b>



REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Title I - Reading First Part B SEA	Title II - Teacher Quality	Area IV - System of Support	TOTAL
<b>Revenues</b>				
Local sources	\$ -	\$ -	\$ -	\$ 39,897
State sources	-	-	28,909	896,796
Federal sources	8,169	1,521	208,955	1,244,879
<b>Total Revenues</b>	<b>8,169</b>	<b>1,521</b>	<b>237,864</b>	<b>2,181,572</b>
<b>Expenditures</b>				
Salaries and benefits	7,372	-	108,820	620,587
Purchased services	584	1,530	59,957	169,312
Supplies and materials	206	-	59,184	96,502
Capital outlay	-	-	656	656
Payments to other governments	-	-	945	1,243,225
<b>Total Expenditures</b>	<b>8,162</b>	<b>1,530</b>	<b>229,562</b>	<b>2,130,282</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>7</b>	<b>(9)</b>	<b>8,302</b>	<b>51,290</b>
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	-	-	2,500
Transfer out	(103)	-	-	(12,112)
Interest	96	9	5	6,495
<b>Total Other Financing Sources (Uses)</b>	<b>(7)</b>	<b>9</b>	<b>5</b>	<b>(3,117)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>8,307</b>	<b>48,173</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,348</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,307</b>	<b>\$ 94,521</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TITLE IV - SAFE & DRUG FREE SCHOOL - FORMULA  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal	\$ 542	\$ 542	\$ 542
Total Revenues	<u>542</u>	<u>542</u>	<u>542</u>
Expenditures			
Salaries and benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	542	542	547
Payments to other governments	-	-	-
Other objects	-	-	-
Total Expenditures	<u>542</u>	<u>542</u>	<u>547</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(5)</u>
Other Financing Sources (Uses)			
Interest	-	-	5
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5</u>
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 STANDARDS ALIGNED CLASSROOM  
 STATEWIDE PROFESSIONAL DEVELOPMENT  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Local	\$ -	\$ -	\$ 9,000
Federal	1,000,000	1,000,000	1,000,000
Total Revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,009,000</u>
Expenditures			
Salaries and benefits	-	-	7,112
Purchased services	41,500	-	1,889
Supplies and materials	-	-	1,498
Payments to other governments	958,500	1,000,000	997,601
Total Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,008,100</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>900</u>
Other Financing Sources (Uses)			
Transfer out	-	-	(1,000)
Interest	-	-	100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(900)</u>
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TRUANT ALTERNATIVE / OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
State	\$ 95,434	\$ 95,434	\$ 95,434
Total Revenues	<u>95,434</u>	<u>95,434</u>	<u>95,434</u>
Expenditures			
Salaries and benefits	89,334	89,334	89,584
Purchased services	<u>6,100</u>	<u>6,100</u>	<u>6,096</u>
Total Expenditures	<u>95,434</u>	<u>95,434</u>	<u>95,680</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(246)</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>246</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>246</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts
	Original	Final	
Revenues			
State	\$ 220,558	\$ 220,558	\$ 220,558
Total Revenues	<u>220,558</u>	<u>220,558</u>	<u>220,558</u>
Expenditures			
Salaries and benefits	220,008	220,008	220,259
Purchased services	550	550	671
Total Expenditures	<u>220,558</u>	<u>220,558</u>	<u>220,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(372)</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>372</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>372</u>
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TITLE I - READING FIRST PART B SEA FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal	\$ 37,194	\$ 37,194	\$ 8,169
Total Revenues	<u>37,194</u>	<u>37,194</u>	<u>8,169</u>
Expenditures			
Salaries and benefits	22,533	22,533	7,372
Purchased services	2,400	2,400	584
Supplies and materials	12,261	12,261	206
Total Expenditures	<u>37,194</u>	<u>37,194</u>	<u>8,162</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>7</u>
Other Financing Sources (Uses)			
Transfer out	-	-	(103)
Interest	-	-	96
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(7)</u>
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TITLE II - TEACHER QUALITY  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
Federal	\$ 1,521	\$ 1,521	\$ 1,521
Total Revenues	<u>1,521</u>	<u>1,521</u>	<u>1,521</u>
Expenditures			
Purchased services	<u>1,521</u>	<u>1,521</u>	<u>1,530</u>
Total Expenditures	<u>1,521</u>	<u>1,521</u>	<u>1,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(9)</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>9</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>9</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 AREA IV - SYSTEM OF SUPPORT  
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State	\$ -	\$ -	\$ 28,909
Federal	193,263	193,263	208,955
Total Revenues	<u>193,263</u>	<u>193,263</u>	<u>237,864</u>
Expenditures			
Salaries and benefits	96,826	96,826	108,820
Purchased services	46,932	46,932	59,957
Supplies and materials	49,505	49,505	59,184
Capital outlay	-	-	656
Payments to other governments	-	-	945
Total Expenditures	<u>193,263</u>	<u>193,263</u>	<u>229,562</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>8,302</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>5</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>8,307</u>
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,307</u>



REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2006

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
<b>Assets</b>					
Cash	\$ 89,742	\$ 10,112	\$ 8,014	\$ 2,861	\$ 110,729
Due from other governments	2,087	-	-	-	2,087
<b>Total Assets</b>	<b>\$ 91,829</b>	<b>\$ 10,112</b>	<b>\$ 8,014</b>	<b>\$ 2,861</b>	<b>\$ 112,816</b>
<b>Liabilities</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b>					
Unreserved	91,829	10,112	8,014	2,861	112,816
<b>Total Fund Balances</b>	<b>91,829</b>	<b>10,112</b>	<b>8,014</b>	<b>2,861</b>	<b>112,816</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 91,829</b>	<b>\$ 10,112</b>	<b>\$ 8,014</b>	<b>\$ 2,861</b>	<b>\$ 112,816</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
<b>Revenues</b>					
Local sources	\$ 52,647	\$ 10,769	\$ 2,456	\$ -	\$ 65,872
State sources	-	-	1,320	7,000	8,320
<b>Total Revenues</b>	<b>52,647</b>	<b>10,769</b>	<b>3,776</b>	<b>7,000</b>	<b>74,192</b>
<b>Expenditures</b>					
Salaries and benefits	-	4,672	-	-	4,672
Purchased services	27,464	4,183	4,134	6,297	42,078
Supplies and materials	707	2,462	25	-	3,194
Capital Outlay	265	400	-	-	665
Other objects	3,715	237	-	-	3,952
<b>Total Expenditures</b>	<b>32,151</b>	<b>11,954</b>	<b>4,159</b>	<b>6,297</b>	<b>54,561</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>20,496</b>	<b>(1,185)</b>	<b>(383)</b>	<b>703</b>	<b>19,631</b>
<b>Other Financing Sources (Uses)</b>					
Transfer out	(3,998)	-	-	-	(3,998)
Interest	5,226	1,813	1,713	161	8,913
<b>Total Other Financing Sources (Uses)</b>	<b>1,228</b>	<b>1,813</b>	<b>1,713</b>	<b>161</b>	<b>4,915</b>
<b>Net Change in Fund Balances</b>	<b>21,724</b>	<b>628</b>	<b>1,330</b>	<b>864</b>	<b>24,546</b>
<b>Fund Balances - Beginning</b>	<b>70,105</b>	<b>9,484</b>	<b>6,684</b>	<b>1,997</b>	<b>88,270</b>
<b>Fund Balances - Ending</b>	<b>\$ 91,829</b>	<b>\$ 10,112</b>	<b>\$ 8,014</b>	<b>\$ 2,861</b>	<b>\$ 112,816</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2006

	Distributive	Regional Trustee Fund	TOTALS
<b>Assets</b>			
Cash	\$ -	\$ 188	\$ 188
Due from other governments	3,108,239	-	3,108,239
	\$ 3,108,239	\$ 188	\$ 3,108,427
<b>Total Assets</b>	<b>\$ 3,108,239</b>	<b>\$ 188</b>	<b>\$ 3,108,427</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 188	\$ 188
Due to other governments	3,108,239	-	3,108,239
	\$ 3,108,239	\$ 188	\$ 3,108,427
<b>Total Liabilities</b>	<b>\$ 3,108,239</b>	<b>\$ 188</b>	<b>\$ 3,108,427</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>DISTRIBUTIVE</u></b>				
<b>Assets</b>				
Cash	\$ -	\$ 62,503,088	\$ 62,503,088	\$ -
Due from other governments	1,155,310	3,108,239	1,155,310	3,108,239
<b>Total Assets</b>	<b><u>\$ 1,155,310</u></b>	<b><u>\$ 65,611,327</u></b>	<b><u>\$ 63,658,398</u></b>	<b><u>\$ 3,108,239</u></b>
<b>Liabilities</b>				
Due to other governments	\$ 1,155,310	\$ 65,611,327	\$ 63,658,398	\$ 3,108,239
<b>Total Liabilities</b>	<b><u>\$ 1,155,310</u></b>	<b><u>\$ 65,611,327</u></b>	<b><u>\$ 63,658,398</u></b>	<b><u>\$ 3,108,239</u></b>
<b><u>REGIONAL TRUSTEE FUND</u></b>				
<b>Assets</b>				
Cash	\$ 188	\$ -	\$ -	\$ 188
<b>Total Assets</b>	<b><u>\$ 188</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 188</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 188	\$ -	\$ -	\$ 188
<b>Total Liabilities</b>	<b><u>\$ 188</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 188</u></b>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash	\$ 188	\$ 62,503,088	\$ 62,503,088	\$ 188
Due from other governments	1,155,310	3,108,239	1,155,310	3,108,239
<b>Total Assets</b>	<b><u>\$ 1,155,498</u></b>	<b><u>\$ 65,611,327</u></b>	<b><u>\$ 63,658,398</u></b>	<b><u>\$ 3,108,427</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 188	\$ -	\$ -	\$ 188
Due to other governments	1,155,310	65,611,327	63,658,398	3,108,239
<b>Total Liabilities</b>	<b><u>\$ 1,155,498</u></b>	<b><u>\$ 65,611,327</u></b>	<b><u>\$ 63,658,398</u></b>	<b><u>\$ 3,108,427</u></b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES  
 YEAR ENDED JUNE 30, 2006

	Marshall CUSD #C-2	Martinsville CUSD #C-3	Casey Westfield CUSD #C-4	Mattoon CUSD #2	Oakland CUSD #5	Neoga CUSD #3	Cumberland CUSD #77	Arthur CUSD #305	Arcola CUSD #306	Shiloh CUSD #1
ADA Safety & Ed Block Grant	\$ 48,480	\$ 13,010	\$ 38,792	\$ 106,947	\$ 12,600	\$ 27,462	\$ 33,077	\$ 16,059	\$ 23,644	\$ 15,487
Bilingual Ed. - Downst. - TPI	-	-	-	6,413	-	-	-	-	1,806	-
Breakfast Startup	-	-	-	-	-	-	-	-	-	-
Driver Education	15,711	3,872	11,131	33,345	3,163	8,357	10,930	6,988	7,967	4,131
Early Child- State Preschool at Risk	-	-	-	2,718,310	-	-	-	-	-	184,944
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	1,335	1,646	-	466	205	1,427	606	-	1,541	349
General State Aid	4,948,125	1,437,647	4,134,202	8,929,656	1,135,627	1,898,923	3,825,950	888,528	1,822,320	673,759
General State Aid - Hold Harmless	-	-	-	-	-	333,412	-	156,878	-	4,417
Hurricane Education Relief Act	-	-	-	-	-	-	-	-	-	-
IASA - Title I - Comprehensive School Reform	-	-	-	-	-	-	-	-	-	-
IASA - Title I - Low Income	183,655	74,071	285,322	850,915	194,578	96,454	231,019	146,681	99,942	200,781
IASA - Title I - Migrant Education	-	-	-	-	-	-	-	-	20,000	-
IASA - Title I - Even Start	-	-	-	120,000	-	-	-	-	-	-
II Breakfast Incentive	70	44	201	913	133	-	-	98	420	199
National Board Certification Initiatives	5,792	-	-	-	-	-	-	-	-	-
National School Lunch	126,782	45,955	155,303	438,759	42,027	84,041	127,900	30,157	64,579	76,358
Other Federal Funds	-	-	-	-	-	-	-	-	-	-
Reading Improvement Block Grant	49,404	13,793	45,434	130,078	18,983	24,731	36,670	25,328	25,199	22,735
Regional Safe School	-	-	-	-	-	-	-	-	-	-
ROE/ISC Operations	-	-	-	-	-	-	-	-	-	-
School Breakfast Incentive	-	-	-	-	-	-	-	-	-	-
School Breakfast Program	27,941	11,618	44,602	124,101	10,384	-	-	5,435	13,849	24,540
School Bus Driver Training	-	-	-	-	-	-	-	-	-	-
Special Education- Extraordinary	95,951	28,040	78,438	248,740	16,653	122,231	91,735	25,884	24,818	14,607
Special Education- Orphan- Ind.	6,146	-	15,914	148,776	-	6,402	-	-	-	11,171
Special Education- Orphan- Smr. Ind.	-	-	-	-	-	-	-	-	-	-
Special Education- Personnel	117,957	19,823	115,548	507,146	20,200	53,699	80,004	41,124	51,551	57,672
Special Education- Pvt. Facility	32,263	-	7,356	5,806	-	13,159	-	-	-	-
Special Education- Summer School	-	-	760	-	-	-	-	-	-	-
State Free Breakfast & Lunch	8,000	2,706	11,423	35,541	2,835	3,348	5,709	1,482	4,118	5,579
Supervisory	-	-	-	-	-	-	-	-	-	-
Technology Enhancing Education - Formula	3,126	-	5,089	23,605	2,597	4,456	-	4,142	1,803	3,694
Title II - Teacher Quality	57,004	26,550	69,287	151,985	14,645	41,562	58,472	71,975	25,057	44,817
Title III - Immigrant Education Program	-	-	-	2,483	-	-	-	-	5,248	-
Title IV - Safe & Drug Free Schools - Formula	6,724	2,136	7,193	20,657	3,723	3,671	6,297	5,202	2,700	3,913
Title V - Innovative Programs - Formula	4,785	1,287	4,141	56,775	11,803	2,742	4,010	2,327	2,326	7,923
Title V - Innovative Programs - SEA Projects	-	-	-	-	-	-	-	1,815	-	660
Transition Assistance	-	26,354	-	-	-	-	-	-	-	-
Transportation- Reg.	254,399	90,258	218,515	381,317	103,993	111,611	234,632	87,152	44,764	111,082
Transportation- Sp. Ed.	63,469	27,040	90,639	92,250	40,125	65,656	96,983	41,246	103,534	51,899
Truants Alt/Optional Ed.	-	-	-	-	-	-	-	-	-	-
IL Funds Interest	-	-	-	-	-	-	-	-	-	-
	<b>\$ 6,057,119</b>	<b>\$ 1,825,850</b>	<b>\$ 5,339,290</b>	<b>\$ 15,134,984</b>	<b>\$ 1,634,274</b>	<b>\$ 2,903,344</b>	<b>\$ 4,843,994</b>	<b>\$ 1,558,501</b>	<b>\$ 2,347,186</b>	<b>\$ 1,520,717</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 YEAR ENDED JUNE 30, 2006

	Kansas CUSD #3	Paris Crestwood CUSD #4	Edgar County CUSD #6	Lovington CUSD #303	Cowden Herrick CUSD #3A	Shelbyville CUSD #4	Tuscola CUSD #301	Central A&M CUSD #21	Lake Land College	Youth Service and Bridges	ROE #11 State Distributive	Total
ADA Safety & Ed Block Grant	\$ 8,571	\$ 24,680	\$ 13,529	\$ 10,119	\$ 16,007	\$ 40,654	\$ -	\$ 31,263	\$ -	\$ -	\$ -	\$ 480,381
Bilingual Ed. - Downst. - TPI	-	-	-	-	-	-	-	-	-	-	-	8,219
Breakfast Startup	2,700	-	-	-	-	-	-	-	-	-	-	2,700
Driver Education	2,007	7,944	3,636	3,045	5,689	14,140	-	7,637	-	-	-	149,693
Early Child- State Preschool at Risk	-	-	-	-	-	-	-	95,870	-	-	-	2,999,124
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	1,367	1,864	-	1,256	159	2,310	-	-	-	-	-	14,531
General State Aid	730,613	1,873,159	1,046,165	783,212	2,005,446	3,673,262	-	2,856,779	27,695	311,234	196,267	43,198,569
General State Aid - Hold Harmless	-	-	-	-	-	-	-	-	-	-	-	494,707
Hurrican Education Relief Act	-	-	-	-	-	6,000	-	-	-	-	-	6,000
IASA - Title I - Comprehensive School Reform	-	-	46,123	-	-	-	-	-	-	-	-	46,123
IASA - Title I - Low Income	106,218	69,395	57,311	35,149	106,825	119,269	-	108,316	-	-	-	2,965,901
IASA - Title I - Migrant Education	-	-	-	-	-	-	-	-	-	-	-	20,000
IASA - Title I- Even Start	-	-	-	-	-	-	-	-	-	-	-	120,000
II Breakfast Incentive	-	-	-	-	-	-	-	-	-	-	-	2,078
National Board Certification Initiatives	-	-	-	-	-	-	-	-	-	-	-	5,792
National School Lunch	24,724	43,463	40,090	29,746	65,463	129,581	-	81,882	-	15,840	-	1,622,650
Other Federal Funds	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Reading Improvement Block Grant	12,050	18,960	15,217	9,631	16,614	35,911	-	31,506	-	-	-	532,244
Regional Safe School	-	-	-	-	-	-	-	-	-	220,558	-	220,558
ROE/ISC Operations	-	-	-	-	-	-	-	-	-	-	77,050	77,050
School Breakfast Incentive	3,500	-	230	4	113	335	-	304	-	68	-	4,554
School Breakfast Program	9,034	-	22,688	4,063	16,315	31,166	-	19,037	-	9,530	-	374,303
School Bus Driver Training	-	-	-	-	-	-	-	-	-	-	1,320	1,320
Special Education- Extraordinary	9,320	35,877	9,664	27,441	37,381	61,219	-	45,549	-	-	-	973,548
Special Education- Orphan- Ind.	-	17,980	-	-	-	31,700	-	845,680	-	-	-	1,083,769
Special Education- Orphan- Smr. Ind.	-	-	-	-	-	-	-	40,529	-	-	-	40,529
Special Education- Personnel	17,130	53,850	28,200	33,766	24,122	162,840	-	890	-	-	-	1,385,522
Special Education- Pvt. Facility	-	-	-	-	-	25,377	-	-	-	-	-	83,961
Special Education- Summer School	-	-	-	-	-	-	605	-	-	-	-	1,365
State Free Breakfast & Lunch	1,844	1,689	2,772	1,792	4,263	8,561	-	4,339	-	1,897	-	107,898
Supervisory	-	-	-	-	-	-	-	-	-	-	7,000	7,000
Technology Enhancing Education - Formula	1,759	1,174	1,002	571	2,665	-	-	2,086	-	-	-	57,769
Title II - Teacher Quality	10,756	30,793	19,889	10,877	33,783	49,380	-	39,908	-	1,521	-	758,261
Title III - Immigrant Education Program	-	-	-	-	-	-	-	-	-	-	-	7,731
Title IV - Safe & Drug Free Schools - Formula	1,074	3,844	1,838	1,364	2,112	4,972	-	4,224	-	542	-	82,186
Title V - Innovative Programs - Formula	1,069	2,070	1,324	746	3,046	3,665	-	3,380	-	322	-	113,741
Title V - Innovative Programs - SEA Projects	-	-	-	485	715	-	-	-	-	-	-	3,675
Transition Assistance	-	-	-	-	-	-	-	-	-	-	-	26,354
Transportation- Reg.	39,160	177,248	60,140	79,453	63,061	115,309	-	122,933	-	-	-	2,295,027
Transportation- Sp. Ed.	8,579	41,912	44,333	61,037	66,434	66,732	-	65,512	-	-	-	1,027,380
Truants Alt/Optional Ed.	-	-	-	-	-	-	-	-	-	100,875	-	100,875
IL Funds Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 991,475</b>	<b>\$ 2,405,902</b>	<b>\$ 1,414,151</b>	<b>\$ 1,093,757</b>	<b>\$ 2,470,213</b>	<b>\$ 4,582,383</b>	<b>\$ 605</b>	<b>\$ 4,407,624</b>	<b>\$ 27,695</b>	<b>\$ 662,387</b>	<b>\$ 1,281,637</b>	<b>\$ 62,503,088</b>

REGIONAL OFFICE OF EDUCATION #11  
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/05-6/30/06</u>
<b>U.S. Department of Agriculture passed through</b>			
<b>Illinois State Board of Education</b>			
School Breakfast Program	10.553	06-4220-00	\$ 9,530
National School Lunch Program	10.555	06-4210-00	<u>15,840</u>
<b>Total U.S. Department of Agriculture passed through Illinois State Board of Education</b>		<b>Total</b>	<u>25,370</u>
<b>U.S. Department of Education passed through</b>			
<b>Illinois State Board of Education</b>			
Standards Aligned Classroom Statewide Professional Development	84.289A	06-4999-00	1,000,000 (M)
Title V - Innovative Programs	84.298A	06-4100-00	322
Title IV - Safe and Drug Free School - Formula	84.186A	06-4400-00	542
Title I - Reading First Part B SEA Funds	84.357A	05-4337-02	8,169
Title II - Teacher Quality	84.367A	06-4932-00	<u>1,521</u>
<b>Total U.S. Department of Education passed through Illinois State Board of Education</b>		<b>Total</b>	<u>1,010,554</u>
<b>U.S. Department of Education</b>			
<b>passed through Regional Office of Education #32</b>			
Title I - School Improvement & Accountability	84.010A	06-4331-SS	187,750
Title II - Teacher Quality	84.367A	06-4935-SS	19,653
Title V - Innovative Programs	84.298A	05-4100-00	<u>1,552</u>
<b>Total U.S. Department of Education passed through Regional Office of Education #32</b>		<b>Total</b>	<u>208,955</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,244,879</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

REGIONAL OFFICE OF EDUCATION #11  
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR,  
MOULTRIE, AND SHELBY 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 #11 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #11 provided federal awards to subrecipients as follows:

Program Title: Standards Aligned Classroom Statewide Professional Development  
Federal CFDA #: 84.289A  
Amount provided to subrecipients: \$ 997,601

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Standards Alignment Classroom Statewide Professional Development: This program's objectives are to support statewide education reform efforts. The program provides funding to enable implementation of promising educational reform programs, school improvement programs, and support programs to provide library services and instructional and media materials. The funding assists in meeting the educational needs of all students, including at-risk youth and develops and implements education programs to improve school, student, and teachers performance, including professional development activities and class size reduction programs.

NOTE 4 - NON-CASH ASSISTANCE

NONE

NOTE 5 - AMOUNT OF INSURANCE

NONE

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

NONE