

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

**Performed as Special Assistant Auditors
for the Office of the Auditor General**

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
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 FOR THE YEAR ENDED JUNE 30, 2006

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JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30

OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Mr. Robert Koehn

Assistant Regional Superintendent
(Current and during the Audit Period)

Ms. Donna Boros

Offices are located at:

Jackson County Office
Jackson County Court House
Murphysboro, IL 62966

Perry County Office
P.O. Box 285
Pinckneyville, IL 62274

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	2	2
Repeated audit findings	2	0
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
06-1	12a	Controls Over Compliance with Laws and Regulations
06-2	12c	Inadequate Internal Controls Over Disbursement Process
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)		
06-2	12c	Inadequate Internal Controls Over Disbursement Process
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 September 29, 2006. Attending were Robert Koehn, Regional Superintendent, Donna Boros, Assistant Regional Superintendent and Tami S. Colpitts-Knight, CPA, Manager, Kemper CPA Group LLP. Responses to the recommendations were provided by Robert Koehn, Regional Superintendent.

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Jackson and Perry Counties Regional Office of Education #30 was performed by Kemper CPA Group LLP, CPAs.

Based on their audit, the auditors expressed an unqualified opinion on the Jackson and Perry Counties Regional Office of Education #30'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 Jackson and Perry Counties Regional Office of Education #30, as of and for the year ended June 30, 2006, which collectively comprise the Jackson and Perry Counties Regional Office of Education #30's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jackson and Perry Counties Regional Office of Education #30'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 Jackson and Perry Counties Regional Office of Education #30, 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 our report dated September 29, 2006, on our consideration of the Jackson and Perry Counties Regional Office of Education #30'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 on pages 16a through 16h is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson and Perry Counties Regional Office of Education #30's basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of Disbursements to School District Treasurer's and Other Entities, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of Disbursements to School District Treasurer's and Other Entities, budgetary comparison schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mt. Vernon, Illinois
September 29, 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 Jackson and Perry Counties Regional Office of Education #30, as of and for the year ended June 30, 2006, which collectively comprise the Jackson and Perry Counties Regional Office of Education #30's basic financial statements and have issued our report thereon dated September 29, 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 Jackson and Perry Counties Regional Office of Education #30'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Regional Office of Education #30's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questions Costs as item 06-2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jackson and Perry Counties Regional Office of Education #30's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mt. Vernon, Illinois
September 29, 2006



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Jackson and Perry Counties Regional Office of Education #30 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 Jackson and Perry Counties Regional Office of Education #30'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 Jackson and Perry Counties Regional Office of Education #30's management. Our responsibility is to express an opinion on the Jackson and Perry Counties Regional Office of Education #30's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Jackson and Perry Counties Regional Office of Education #30's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Jackson and Perry Counties Regional Office of Education #30's compliance with those requirements.

In our opinion, Jackson and Perry Counties Regional Office of Education #30 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. We noted an immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-2.

Internal Control Over Compliance

The management of the Jackson and Perry Counties Regional Office of Education #30 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Jackson and Perry Counties Regional Office of Education #30's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Regional Office of Education #30's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 06-2.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness.

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

Mt. Vernon, Illinois
September 29, 2006

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED 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?	Yes
● 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?	Yes
● 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:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	Title I – School Improvement and Accountability

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

Auditee qualified as a low-risk auditee? No

JACKSON AND PERRY COUNTIES
REGIONAL OFFICE OF EDUCATION #30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 06-1 – Controls Over Compliance with Laws and Regulations (Partial 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 #30 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and dates of visitation.
- C. The Regional Office of Education #30 performs compliance inspections for each public school in his Region 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.

Effects:

The Regional Office of Education #30 did not comply with statutory requirements.

JACKSON AND PERRY COUNTIES
REGIONAL OFFICE OF EDUCATION #30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

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

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 not attend county board meetings annually or quarterly and was unaware of the specific details required to be provided at the meetings.
- C. The Regional Superintendent believed that the annual compliance visits completed at the public schools were sufficient to satisfy the statutory requirement.

Recommendations:

- A. The Regional Office of Education #30 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.

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 duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent 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 duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

JACKSON AND PERRY COUNTIES
REGIONAL OFFICE OF EDUCATION #30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 06-2 - Inadequate Internal Controls over Disbursement Process (Partial Repeat 05-2)

Federal Program Name & Year: Title I – School Improvement & Accountability

Project Number: 06-4331-SS

CFDA Number: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system to prevent errors and fraud.

Condition:

In our testing of 95 disbursements, we noted the following:

- 1) Mathematical errors were noted on the supporting documentation in one instance.
- 2) The Regional Office paid sales tax to a vendor in one instance.
- 3) No supporting documentation to verify actual meal expenditures in four instances.
- 4) Invoice was not canceled when paid to avoid duplicate payment in one instance.

Questioned Costs:

Title I – School Improvement & Accountability - \$ 574.40

Context:

N/A

Effect:

Unallowable, duplicate payments or incorrect amounts may be paid when original supporting documentation is not present and properly reviewed by management.

Cause:

The Regional Office of Education #30 is not following their established disbursement policy.

Auditors' Recommendation:

The Regional Office of Education #30 should implement internal controls to ensure there is proper review of the original invoices and other supporting documentation to prevent unallowable, duplicate payments or incorrect amounts from being paid.

Management's Response:

The Regional Superintendent agrees with the finding. The Regional Office of Education #30 previously had a written policy to pay the lesser of actual meal expenses or \$28 per diem for meal expenses for overnight travel. Practice over time has been to pay the \$28 per diem amount. The Regional Office of Education #30's written policy has been changed to only a per diem amount of \$28 per day for overnight travel.

JACKSON AND PERRY COUNTIES
REGIONAL OFFICE OF EDUCATION #30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

Finding No. 06-2 – Inadequate Internal Controls over Disbursement Process (finding details on page 12c)

REPORTABLE CONDITIONS:

Finding No. 06-2 – Inadequate Internal Controls over Disbursement Process (finding details on page 12c)

JACKSON AND PERRY COUNTIES
REGIONAL OFFICE OF EDUCATION #30
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2006

Corrective Action Plan

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 #30 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and dates of visitation.
- C. The Regional Office of Education #30 performs compliance inspections for each public school in his Region 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 #30 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 Date of Completion:

Immediately upon learning of oversight.

Name of Contact Person:

Mr. Robert Koehn, Regional Superintendent

Finding No. 06-2

Condition:

In our testing of 95 disbursements, we noted the following:

- 1) Mathematical errors were noted on the supporting documentation in one instance.
- 2) The Regional Office paid sales tax to a vendor in one instance.
- 3) No supporting documentation to verify actual meal expenditures in four instances.
- 4) Invoice was not canceled when paid to avoid duplicate payment in one instance.

JACKSON AND PERRY COUNTIES
REGIONAL OFFICE OF EDUCATION #30
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2006

Corrective Action Plan (Concluded)

Finding No. 06-2 (Concluded)

Plan:

The Regional Office of Education #30 will implement internal controls to ensure there is proper review of the original invoices and other supporting documentation to prevent unallowable, duplicate payments or incorrect amounts from being paid.

Anticipated Date of Completion:

Immediately upon learning of oversight.

Name of Contact Person:

Mr. Robert Koehn, Regional Superintendent

JACKSON AND PERRY COUNTIES
REGIONAL OFFICE OF EDUCATION #30
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Controls Over Compliance with Laws and Regulations	Partial Repeat 06-1
05-2	Inadequate Internal Controls over Disbursement Process	Partial Repeat 06-2

MANAGEMENT'S DISCUSSION AND ANALYSIS

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

The Jackson and Perry Counties Regional Office of Education #30 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. We encourage readers to consider this information in conjunction with the Regional Office of Education #30's financial statements, which follow.

The Jackson and Perry Counties Regional Office of Education #30 continued to develop the new reporting standards initiated in FY04. Comparisons are more meaningful and will go further in explaining the Agency's financial position and results of operations. This includes capabilities for closer monitoring and periodic analysis.

2006 FINANCIAL HIGHLIGHTS

Governmental fund total net assets decreased from \$404,775 in fiscal year 2005 to \$397,807 in fiscal year 2006.

In FY06, the governmental funds' balance indicated an increase of \$2,552. This increase resulted from increases in investment earnings and state source general revenue.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #30'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 #30 as a whole and present an overall view of the Regional Office of Education #30'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 of Education #30's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplementary information further explains and supports the financial statements, and provides detailed information about the non-major funds.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

REPORTING THE REGIONAL OFFICE OF EDUCATION #30 AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements report information about the Regional Office of Education #30 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the Regional Office of Education #30's net assets and how they have changed. Net assets are the difference between the assets and liabilities and are one way to measure the Regional Office of Education #30's financial health or position.

Over time, increases or decreases in the net assets are an indicator of whether financial position is improving or deteriorating, respectively.

To assess the Regional Office of Education #30'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 #30's activities are divided into two categories:

Governmental activities: Most of the Regional Office of Education #30's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. Local school districts, federal and state grants and State aid finance most of these activities.

Business-type activities: The Regional Office of Education #30 charges fees to help cover the costs of certain services and workshops it provides.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office of Education #30's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #30 as a whole. Funds are accounting devices the Regional Office of Education #30 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by the State law. The Regional Office of Education #30 establishes other funds to control and manage money for particular purposes.

The Regional Office of Education #30 has three kinds of funds:

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

**REPORTING THE REGIONAL OFFICE OF EDUCATION #30 AS A WHOLE
(continued)**

Fund Financial Statements (Concluded)

Governmental funds account for most of the Regional Office of Education #30's basic services. These focus on how cash and other financial assets that can readily be 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 financial resources that can be spent in the near future to finance the Regional Office of Education #30's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental fund statements. The Regional Office of Education #30's governmental funds include: the General Fund and the Special Revenue Funds. The governmental fund's required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary funds account for services for which the Regional Office of Education charges fees under a cost-reimbursement method. The proprietary fund's required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.

Fiduciary funds account for assets that belong to others over which the Regional Office of Education #30 is the trustee, or fiduciary. The Regional Office of Education #30 is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. The Regional Office of Education #30 excludes these assets from the government-wide financial statements because it cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The difference between the Regional Office of Education #30's assets and liabilities is its net assets. As noted earlier, net assets may serve over time as a useful indicator of financial position. The Jackson and Perry Counties Regional Office of Education #30 net assets at the end of fiscal year 2006 totaled \$511,911. This compared to \$522,761 at the end of fiscal year 2005.

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net assets. The Regional Office of Education #30's financial activities include both governmental and business-type activities. The analysis that follows provides a summary of the Regional Office of Education's net assets at June 30, 2006 for the governmental and business-type activities.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	2006	2005	Increase / (Decrease)
Current Assets	\$ 387,108	\$ 391,091	(3,983)
Capital assets, being depreciated, net	95,245	104,765	(9,520)
Total Assets	482,353	495,856	(13,503)
 Current Liabilities	 84,546	 91,081	 (6,535)
 Net Assets:			
Invested in capital assets	95,245	104,765	(9,520)
Unrestricted	233,437	242,136	(8,699)
Restricted for teacher professional development	69,125	57,874	11,251
Total Net Assets	\$ 397,807	\$ 404,775	(6,968)

The Regional Office of Education #30's governmental assets exceeded governmental liabilities (net assets) by \$397,807 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. The Regional Office of Education #30 uses its governmental net assets to perform general operations and to provide professional services to school districts in the region and surrounding areas. The decrease in current assets is due to the decrease in funding. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

BUSINESS-TYPE ACTIVITIES

	2006	2005	Increase / (Decrease)
Current Assets	\$ 113,197	\$ 119,073	(5,876)
Capital assets, being depreciated, net	907	1,587	(680)
Total Assets	114,104	120,660	(6,556)
 Current Liabilities	 -	 2,674	 (2,674)
 Net Assets:			
Invested in capital assets	907	1,587	(680)
Unrestricted	113,197	116,399	(3,202)
Total Net Assets	\$ 114,104	\$ 117,986	(3,882)

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Regional Office of Education #30 uses its business-type net assets to provide workshop and training services to school districts in the region and surrounding areas. The decrease in current assets is primarily due to the payment of current liabilities that were outstanding in FY05.

STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES

	<u>2006</u>	<u>2005</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 501,450	\$ 502,977	(1,527)
General Revenues:			
Local sources	63,377	60,894	2,483
State sources	309,955	253,237	56,718
On-behalf payments	339,228	335,536	3,692
Investment earnings	16,742	11,648	5,094
Total Revenues	<u>1,230,752</u>	<u>1,164,292</u>	66,460
Expenses:			
Instructional Services			
Salaries and benefits	480,099	440,211	39,888
Purchased services	259,505	220,250	39,255
Supplies and materials	48,540	68,597	(20,057)
Other objects	16	218	(202)
Payments to other governments	95,212	101,848	(6,636)
Depreciation	15,120	21,924	(6,804)
Administrative Expense:			
On-Behalf payments - State & Local	339,228	335,536	3,692
Total Expenses	<u>1,237,720</u>	<u>1,188,584</u>	49,136
Change in Net Assets	(6,968)	(24,292)	17,324
Net Assets - Beginning	<u>404,775</u>	<u>429,067</u>	(24,292)
Net Assets - Ending	<u>\$ 397,807</u>	<u>\$ 404,775</u>	(6,968)

Revenues from governmental activities were \$1,230,752 and expenses were \$1,237,720. The Regional Office of Education #30 total revenues increased primarily due to an increase in local revenue from Jackson and Perry Counties in FY06 as well as an increase in the Title I (RESPRO) grant allocation to serve local schools. Total expenditures were

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

increased due to increases in employee benefits and costs associated with increases in services and in-service expenses. The Regional Office of Education #30 used carryover net asset balances to pay for the additional services offered to and needed by local school districts and other constituencies that were in excess of revenues.

STATEMENT OF ACTIVITIES
BUSINESS-TYPE ACTIVITIES

	2006	2005	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 29,345	\$ 12,368	16,977
General Revenues:			-
Investment earnings	1,251	2,384	(1,133)
Total Revenues	30,596	14,752	15,844
Expenses:			
Salaries and benefits	4,575	-	4,575
Purchased services	23,566	21,755	1,811
Supplies and materials	5,657	9,269	(3,612)
Depreciation	680	453	227
Total Expenses	34,478	31,477	3,001
Change in Net Assets	(3,882)	(16,725)	12,843
Net Assets - Beginning	117,986	134,711	(16,725)
Net Assets - Ending	\$ 114,104	\$ 117,986	(3,882)

Revenues from business-type activities were \$30,596 and expenses were \$34,478. The Regional Office of Education #30's business-type activities include workshops that involve charges for service. Expenses include purchases of goods and supplies to support these activities. The increase for services was due to the Regional Office providing more workshops to school districts as compared to fiscal year 2005 and sponsoring the RIF program for professional development in literacy. The increase in salaries and benefits was due to additional professional development staff. The Regional Office of Education #30 allocated a portion of rent, utilities, and cleaning expenses to this fund which increased purchased services. All of these factors combined led to the decrease in ending net assets.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

As previously noted, the Regional Office of Education #30 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Regional Office of Education #30's governmental funds reported combined fund balances of \$302,562, an increase of \$2,552 over last year's ending fund balance of \$300,010. The primary reason for the increase in combined fund balances in fiscal year 2006 was due to the increase in the number of certificate registrations that were processed in the Institute Fund.

Governmental Fund Highlights

- There was a reduction in dollars received in the ROE Operations Fund and certain other grants when compared to fiscal year 2005.
- The dollar return for interest slightly increased due to increase in interest rates and timing of distributions.
- IMRF rates decreased from .2875% to .2374% for employee benefits
- Changes in staffing patterns influenced the costs of employee benefits
- The number of certificate registrations increased for FY06

Proprietary Fund Highlights:

- Due to decrease in governmental funds and increase in responsibilities, proprietary funds were used to support personnel and expenses for professional development.
- The proprietary fund sponsored the Reading Is Fundamental Program as a component of professional development for literacy.
- Rent, utilities, and cleaning expenses were allocated to this program in FY06 based on the square footage used.

BUDGETARY HIGHLIGHTS

The Regional Office of Education #30 annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles; however, the annual budget is not required to be legally adopted. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. A schedule showing the original and final budget amounts compared to the Regional Office of Education #30's actual financial activity is included in the supplementary information section of this report.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

CAPITAL ASSETS

Capital Assets of the Regional Office of Education #30 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #30 maintains an inventory of capital assets, which have been accumulated over time. The decrease in capital assets for fiscal year 2006 was \$9,520 and came as a result of offsetting additions with depreciation expense for the year. The Regional Office of Education #30's ending net capital asset balance for fiscal year 2006 is \$95,245 for governmental activities, and \$907 for business-type activities, which is the total original cost of capital assets less accumulated depreciation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the Regional Office of Education #30 was aware of several existing circumstances that could significantly affect its financial health in the future:

- The State of Illinois Foundation level used in the calculation of amount of state aid granted for each student has increased to \$5,334.
- The Regional Office of Education received a small increase for FY07 in ROE Operations.
- The timing of distributive funds will impact interest earned.
- Mandatory fingerprinting is affecting the School Service Fund. Costs for Criminal Background/Fingerprinting checks are being prorated to the districts.
- Increased travel and utility costs will impact expenditures in all funds
- IMRF will be reduced to .2028% from .2374%
- Variations in staffing patterns will influence employee salaries and benefits.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Regional Office of Education #30's citizens, taxpayers, customers, and creditors with a general overview of the finances and to demonstrate the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent of the Regional Office of Education #30 at the Jackson County Courthouse, Murphysboro, Illinois 62966.

BASIC FINANCIAL STATEMENTS

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 STATEMENT OF NET ASSETS
 JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash	\$ 368,470	\$ 113,197	\$ 481,667
Due from other governments			
Federal	18,638	-	18,638
Total Current Assets	387,108	113,197	500,305
Noncurrent Assets:			
Capital assets, being depreciated, net	95,245	907	96,152
Total Assets	482,353	114,104	596,457
Liabilities			
Current Liabilities:			
Accounts payable	60,159	-	60,159
Deferred revenue	24,387	-	24,387
Total Current Liabilities	84,546	-	84,546
Net Assets			
Invested in capital assets	95,245	907	96,152
Unrestricted	233,437	113,197	346,634
Restricted for teacher professional development	69,125	-	69,125
Total Net Assets	\$ 397,807	\$ 114,104	\$ 511,911

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental Activities:						
Instructional Services						
Current:						
Salaries and benefits	\$ 480,099	\$ -	\$ 434,733	\$ (45,366)	\$ -	\$ (45,366)
Purchased services	259,505	-	47,046	(212,459)	-	(212,459)
Supplies and materials	48,540	-	14,071	(34,469)	-	(34,469)
Capital outlay	-	-	5,600	5,600	-	5,600
Other objects	16	-	-	(16)	-	(16)
Payments to other governments	95,212	-	-	(95,212)	-	(95,212)
Depreciation	15,120	-	-	(15,120)	-	(15,120)
Administrative:						
On-behalf payments - State	211,100	-	-	(211,100)	-	(211,100)
On-behalf payments - local	128,128	-	-	(128,128)	-	(128,128)
Total Governmental Activities	<u>1,237,720</u>	<u>-</u>	<u>501,450</u>	<u>(736,270)</u>	<u>-</u>	<u>(736,270)</u>
Business-Type Activities:						
Registration Fees	34,478	29,345	-	-	(5,133)	(5,133)
Total Business-Type Activities	<u>34,478</u>	<u>29,345</u>	<u>-</u>	<u>-</u>	<u>(5,133)</u>	<u>(5,133)</u>
Total Primary Government	<u>\$ 1,272,198</u>	<u>\$ 29,345</u>	<u>\$ 501,450</u>	<u>(736,270)</u>	<u>(5,133)</u>	<u>(741,403)</u>
General Revenues:						
Local sources				63,377	-	63,377
State sources				309,955	-	309,955
On-behalf payments				339,228	-	339,228
Investment earnings				16,742	1,251	17,993
Total General Revenues, Special and Extraordinary Items, and Transfers				<u>729,302</u>	<u>1,251</u>	<u>730,553</u>
Change in Net Assets				(6,968)	(3,882)	(10,850)
Net Assets - Beginning				<u>404,775</u>	<u>117,986</u>	<u>522,761</u>
Net Assets - Ending				<u>\$ 397,807</u>	<u>\$ 114,104</u>	<u>\$ 511,911</u>

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
Assets						
Cash	\$ 19,616	\$ 275,280	\$ 69,125	\$ 4,449	\$ -	\$ 368,470
Due from other funds	-	16,321	-	-	(16,321)	-
Due from other governments						
Federal	-	18,638	-	-	-	18,638
Total Assets	<u>\$ 19,616</u>	<u>\$ 310,239</u>	<u>\$ 69,125</u>	<u>\$ 4,449</u>	<u>\$ (16,321)</u>	<u>\$ 387,108</u>
Liabilities						
Accounts payable	\$ 5,615	\$ 54,544	\$ -	\$ -	\$ -	\$ 60,159
Due to other funds	-	16,321	-	-	(16,321)	-
Deferred revenue	-	24,387	-	-	-	24,387
Total Liabilities	<u>5,615</u>	<u>95,252</u>	<u>-</u>	<u>-</u>	<u>(16,321)</u>	<u>84,546</u>
Fund Balances						
Unreserved, reported in:						
General fund	14,001	-	-	-	-	14,001
Special revenue funds	-	214,987	69,125	4,449	-	288,561
Total Fund Balances	<u>14,001</u>	<u>214,987</u>	<u>69,125</u>	<u>4,449</u>	<u>-</u>	<u>302,562</u>
Total Liabilities and Fund Balances	<u>\$ 19,616</u>	<u>\$ 310,239</u>	<u>\$ 69,125</u>	<u>\$ 4,449</u>	<u>\$ (16,321)</u>	<u>\$ 387,108</u>

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Fund Balances—Governmental Funds	\$ 302,562
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>95,245</u>
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Net Assets of Governmental Activities	<u><u>\$ 397,807</u></u>
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The notes to the financial statements are an integral part of this statement.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
Revenues:						
Local sources	\$ 12,099	\$ 16,696	\$ 24,644	\$ 9,938	\$ -	\$ 63,377
Local sources - on behalf payments	128,128	-	-	-	-	128,128
State sources	59,210	487,273	-	2,360	-	548,843
State sources - on behalf payments	211,100	-	-	-	-	211,100
Federal sources	8,056	254,506	-	-	-	262,562
Total Revenues	<u>418,593</u>	<u>758,475</u>	<u>24,644</u>	<u>12,298</u>	<u>-</u>	<u>1,214,010</u>
Expenditures:						
Current:						
Instructional Services						
Salaries and benefits	52,274	425,844	-	1,981	-	480,099
Purchased services	23,408	212,038	15,479	8,580	-	259,505
Supplies and materials	14,547	32,009	104	1,880	-	48,540
Capital outlay	-	5,600	-	-	-	5,600
Other objects	-	-	16	-	-	16
Payments to other governments	-	95,212	-	-	-	95,212
On-behalf payments	339,228	-	-	-	-	339,228
Total Expenditures	<u>429,457</u>	<u>770,703</u>	<u>15,599</u>	<u>12,441</u>	<u>-</u>	<u>1,228,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,864)</u>	<u>(12,228)</u>	<u>9,045</u>	<u>(143)</u>	<u>-</u>	<u>(14,190)</u>
Other Financing Sources (Uses):						
Transfers in	1,612	2,822	-	-	(4,434)	-
Transfers out	(3,132)	(1,302)	-	-	4,434	-
Interest	8,761	5,652	2,206	123	-	16,742
Total Other Financing Sources (Uses)	<u>7,241</u>	<u>7,172</u>	<u>2,206</u>	<u>123</u>	<u>-</u>	<u>16,742</u>
Net Change in Fund Balances	<u>(3,623)</u>	<u>(5,056)</u>	<u>11,251</u>	<u>(20)</u>		<u>2,552</u>
Fund Balances - Beginning	<u>17,624</u>	<u>220,043</u>	<u>57,874</u>	<u>4,469</u>		<u>300,010</u>
Fund Balances - Ending	<u>\$ 14,001</u>	<u>\$ 214,987</u>	<u>\$ 69,125</u>	<u>\$ 4,449</u>	<u>\$ -</u>	<u>\$ 302,562</u>

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Net change in fund balances—total governmental funds \$ 2,552

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	\$ 5,600	
Depreciation expense	<u>(15,120)</u>	<u>(9,520)</u>

Change in net assets of governmental activities \$ (6,968)

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2006

	Business-Type Activities- Enterprise Fund	
	Local	Total
	Workshops	Total
Assets:		
Current Assets:		
Cash	\$ 113,197	\$ 113,197
Noncurrent Assets:		
Capital assets, being depreciated, net	907	907
Total Current Assets	114,104	114,104
Net Assets		
Invested in capital assets	907	907
Unrestricted	113,197	113,197
Total Net Assets	\$ 114,104	\$ 114,104

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities— Enterprise Fund	
	Local Workshops	Total
Operating Revenues:		
Local sources	\$ 29,345	\$ 29,345
Total Operating Revenues	29,345	29,345
Operating expenses:		
Salaries and benefits	4,575	4,575
Purchased services	23,566	23,566
Supplies and materials	5,657	5,657
Depreciation	680	680
Total Operating Expenses	34,478	34,478
Operating Income (Loss)	(5,133)	(5,133)
Nonoperating Revenues:		
Interest income	1,251	1,251
Total Nonoperating Revenue	1,251	1,251
Change in Net Assets	(3,882)	(3,882)
Total Net Assets - Beginning	117,986	117,986
Total Net Assets - Ending	\$ 114,104	\$ 114,104

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities- Enterprise Fund	
	Local	
	Workshops	Total
Cash Flows From Operating Activities:		
Workshop receipts	\$ 29,345	\$ 29,345
Payments to providers of services	(31,897)	(31,897)
Payments to employees	(4,575)	(4,575)
Net Cash Provided by (Used for) Operating Activities	(7,127)	(7,127)
Cash Flows from Investing Activities:		
Interest received on investments	1,251	1,251
Net Cash Provided by Investing Activities	1,251	1,251
Net (Decrease) in Cash and Cash Equivalents	(5,876)	(5,876)
Cash and Cash Equivalents - Beginning	119,073	119,073
Cash and Cash Equivalents - Ending	\$ 113,197	\$ 113,197
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ (5,133)	\$ (5,133)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	680	680
Change in assets and liabilities:		
Decrease in Due to other governments	(2,674)	(2,674)
Net Cash Provided by (Used for) Operating Activities	\$ (7,127)	\$ (7,127)

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2006

	<u>Agency Funds</u>
Assets	
Cash	\$ 8,567
Due from other governments	<u>1,585,039</u>
Total Assets	<u><u>\$ 1,593,606</u></u>
Liabilities	
Due to other governments	<u>\$ 1,593,606</u>
Total Liabilities	<u><u>\$ 1,593,606</u></u>

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jackson and Perry Counties Regional Office of Education #30 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2006, the Jackson and Perry Counties Regional Office of Education #30 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 Jackson and Perry Counties Regional Office of Education #30 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 Management's Discussion and Analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

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 Jackson and Perry Counties Regional Office of Education #30's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Jackson and Perry Counties Regional Office of Education #30, or see that no payments are made unless the treasurer has filed or renewed 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 Jackson and Perry Counties Regional Office of Education #30 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 Jackson and Perry Counties Regional Office of Education #30. Such activities are reported as a single major special revenue fund (Education Fund).

SCOPE OF REPORTING ENTITY

The Jackson and Perry Counties Regional Office of Education #30 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Jackson and Perry Counties Regional Office of Education #30 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Jackson and Perry Counties Regional Office of Education #30, 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 Jackson and Perry Counties Regional Office of Education #30 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 Jackson and Perry Counties Regional Office of Education #30 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Jackson and Perry Counties Regional Office of Education #30 is not aware of any entity, which would exercise such oversight as to result in the Jackson and Perry Counties Regional Office of Education #30 being considered a component unit of the entity.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Jackson and Perry Counties Regional Office of Education #30'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 Jackson and Perry Counties Regional Office of Education #30 has one business-type activity that relies on fees and charges for support.

The Jackson and Perry Counties Regional Office of Education #30's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Jackson and Perry Counties Regional Office of Education #30 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Jackson and Perry Counties Regional Office of Education #30'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 and between governmental funds and internal service funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-major funds aggregated.

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.

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 non-major 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.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Jackson and Perry Counties Regional Office of Education #30; therefore, revenues are recognized 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.

FUND ACCOUNTING

The Jackson and Perry Counties Regional Office of Education #30 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 Jackson and Perry Counties Regional Office of Education #30 uses governmental, proprietary, and fiduciary funds.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

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 Jackson and Perry Counties Regional Office of Education #30 has presented all major funds that met the above qualifications.

The Jackson and Perry Counties Regional Office of Education #30 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of Jackson and Perry Counties Regional Office of Education #30. 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:

School Service – This fund accounts for various services provided to Jackson and Perry Counties Regional Office of Education #30's various programs and school districts within the region.

ROE/ISC Operations – This fund accounts for the professional development activities that took over the educational service centers.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Governmental Funds (Continued)

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:

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

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

Special Programs –This program provides for miscellaneous expenses and programs that benefit the school districts and/or the Regional Office.

Green Schools Demonstration Project – This is an Illinois Environmental Protection Agency program that establishes the Jackson and Perry Counties Regional Office of Education #30 as a provisional environmental coordinator which will provide local schools with information and assistance on cost-effective strategies for improving environmental and resource use efficiency.

Truants Alternative/Optional Education – This program strives to keep truant kids in school.

McKinney Education for Homeless Children– This program aids the education of homeless children.

Reading is Fundamental – This program purchases books for kindergarten and first grade students in Jackson and Perry counties.

Title I - Reading First Part B SEA – This program is a project for supporting and delivering reading instruction professional development.

Technology - Learning Technology Centers – This program provides special grant funds for Regional Offices of Education #2, #21, and #30 for technology services.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Technology - Enhancing Education - Competitive - This fund provides staff development and materials for integrating technology into the classroom curriculum to the school districts.

Title I - School Improvement and Accountability – This fund supports the improvement of basic programs operated by providing professional development for data analysis, school improvement plan/development, Standards-Aligned curriculum/instruction, and classroom assessment to System of Support Status schools on Academic Early Warning and Watch.

Standards Aligned Classroom – This program provides standards aligned classroom initiatives coaching and support teams.

Regional Safe Schools - This program provides funding for an alternative school program for disruptive youth in grades 6-9 whom have been removed from the regular school setting due to continuous disruptions in the classroom.

Mathematics and Science Partnership – This program provides funding for delivering professional development and assistance to enhance mathematics and science instruction and practices.

The Jackson and Perry Counties Regional Office of Education #30 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:

Bus Driver Training - This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

Supervisory - This fund accounts for State receipts provided to the Regional Office of Education to pay expenses as approved by the Regional Superintendent.

General Education Development - This fund accounts for the receipts and expenses related to administering the High School Equivalency Testing Program.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Concluded)

Proprietary Funds

Proprietary funds are those in which revenues and expenses related to services provided to an organization inside the Jackson and Perry Counties Regional Office of Education #30 on a cost reimbursement basis are reported.

The Jackson and Perry Counties Regional Office of Education #30 reports the following major proprietary funds:

Local Workshops Fund – The local workshops fund is used to account for the workshop registration fees and expenses related to workshops sponsored by the Jackson and Perry Counties Regional Office of Education #30.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Jackson and Perry Counties Regional Office of Education #30 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. Agency funds include the following:

Distributive Fund – This fund distributes monies received from the State to the school districts and other entities.

Education for Employment – This is the Jackson and Perry Counties Regional Vocational Delivery System Coop which provides funding for technical and vocational classes within high schools.

Interest on Distributive Fund – The Regional Office of Education #30 has agreements with all districts in the region whereby the Regional Office of Education #30 is allowed to keep the interest for expenditures benefiting all districts.

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.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Jackson and Perry Counties Regional Office of Education #30 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVENTORY

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

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more 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 is expensed as incurred. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

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

COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore; no liability is accrued.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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.

BUDGET INFORMATION

The Jackson and Perry Counties Regional Office of Education #30 acts as the administrative agent for certain grant programs that are accounted for in the 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 or are required to be legally adopted. 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 to actual statements are prepared for the General Fund ROE/ISC Operations. Budget to actual statements are also prepared for the following Education Fund accounts: Truants Alternative/Optional Education, Technology - Learning Technology Centers, Regional Safe Schools, and Green Schools Demonstration Project.

NOTE 2 – CASH

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

Deposits

At June 30, 2006, the carrying amount of the Jackson and Perry Counties Regional Office of Education #30's government-wide and Agency Fund deposits were \$481,667 and \$8,567, respectively, and the bank balance was \$516,799 and \$4,072, respectively. Of the total bank balances as of June 30, 2006, \$100,398 was secured by federal depository insurance and \$420,473 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #30's name.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 3 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Jackson and Perry Counties Regional Office of Education #30 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of the retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Jackson and Perry Counties Regional Office of Education #30 TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Jackson and Perry Counties Regional Office of Education #30. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Jackson and Perry Counties Regional Office of Education #30 recognized revenue and expenditures of \$18,443 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 (\$27,091) and 13.98 percent (\$35,387), respectively.

The Jackson and Perry Counties Regional Office of Education #30 makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute .58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$1,515. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$1,336 and \$1,468, respectively.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 3 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Jackson and Perry Counties Regional Office of Education #30, there is a statutory requirement for the Jackson and Perry Counties Regional Office of Education #30 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from those funds. For the two years ended June 30, 2005, the employer contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$103,780 were paid from federal and trust funds that required employer contributions of \$7,327. For the years ended June 30, 2005, and June 30 2004, required Jackson and Perry Counties Regional Office of Education #30 contributions were \$10,718 and \$3,215, respectively.
- **Early Retirement Option.** The Jackson and Perry Counties Regional Office of Education #30 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO). Under the ERO program that expired June 30 2005, and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2006, the Jackson and Perry Counties Regional Office of Education #30 paid \$ 0 to TRS for employer contributions for under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the Jackson and Perry Counties Regional Office of Education #30 paid \$ 0 in employer ERO contributions.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for year ended June 30, 2005. The report for the year ended June 30, 2006, is expected to be available in late 2006. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 4 - INTERFUND ACTIVITY

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. These amounts represent temporary loans for over expenditures in the various programs. These balances were eliminated in the government-wide Statement of Net Assets.

<u>From</u>	<u>To</u>	<u>Amount</u>
<u>Education Fund</u>	<u>Education Fund</u>	
Title I - School Improvement and Accountability	Regional Safe Schools	<u>\$ 16,321</u>

Transfers

Interfund transfer in / out of other fund balances at June 30, 2006 consist of the following individual transfers in / out of other funds in the governmental fund balance sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>In</u>	<u>Out</u>
<u>General Fund</u>		
School Service	\$ 1,291	\$ 3,132
ROE/ISC Operation	321	-
<u>Education Fund</u>		
Standards Aligned Classroom	11	-
Technology - Enhancing Education - Competitive	2,811	-
Reading is Fundamental	-	329
Title I - Reading First Part B SEA	-	973
Total Transfers In / Out	<u>\$ 4,434</u>	<u>\$ 4,434</u>

NOTE 5 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Jackson and Perry Counties Regional Office of Education #30 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental activities statements. Purchases of business-type capital assets are capitalized when purchased. 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 \$15,120 and \$680 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2006:

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 5 - CAPITAL ASSETS (Concluded)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance</u> <u>June 30, 2006</u>
Governmental Funds:					
<u>General Fund</u>					
ROE/ISC Operations	\$ 128,766	\$ -	\$ -	\$ -	\$ 128,766
<u>Education Fund</u>					
Technology - Learning					
Technology Centers	112,862	-	5,450	-	107,412
Technology - Enhancing					
Education - Competitive	1,449	2,848	-	(1,449)	2,848
Title I - School Improvement					
& Accountability	-	-	-	1,449	1,449
Title I - Reading First Part B SEA					
Regional Safe School	808	-	-	-	808
McKinney Education for Homeless					
Children	119,751	-	-	-	119,751
<u>Nonmajor Fund</u>					
Bus Drivers Training	-	2,752	-	-	2,752
	<u>9,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,924</u>
Governmental Funds					
Total Capital Assets	373,560	5,600	5,450	-	373,710
Less: Accumulated Depreciation	<u>268,795</u>	<u>15,120</u>	<u>5,450</u>	<u>-</u>	<u>278,465</u>
Governmental Funds					
Investment in Capital Assets, Net	<u>\$ 104,765</u>	<u>\$ (9,520)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,245</u>
Business-type Activities:					
Local Workshop Registration	<u>\$ 2,040</u>	<u>\$ 2,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,080</u>
Business-type Activities					
Total Capital Assets	2,040	-	-	-	2,040
Less: Accumulated Depreciation	<u>453</u>	<u>680</u>	<u>-</u>	<u>-</u>	<u>1,133</u>
Business-type Activities					
Investment in Capital Assets, Net	<u>\$ 1,587</u>	<u>\$ (680)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 907</u>

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 6 - RISK MANAGEMENT

The Jackson and Perry Counties Regional Office of Education #30 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 Jackson and Perry Counties Regional Office of Education #30 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 7 – ON BEHALF PAYMENTS

Jackson County provides the Jackson and Perry Counties Regional Office of Education #30 with staff and pays certain expenditures on behalf of the Jackson and Perry Counties Regional Office of Education #30. The expenditures paid on the Jackson and Perry Counties Regional Office of Education #30's behalf for the year ended June 30, 2006, were as follows:

Salaries and benefits	\$ 111,025
Purchased Services	15,795
Supplies and Materials	<u>1,308</u>
Total	<u>\$ 128,128</u>

The State of Illinois paid the following salaries on behalf of the Jackson and Perry Counties Regional Office of Education #30:

Regional Superintendent Salary	\$ 84,737
Regional Superintendent Benefits	
(Includes State paid insurance)	19,936
Assistant Regional Superintendent Salary	76,263
Assistant Regional Superintendent Benefits	
(Includes State paid insurance)	11,721
TRS Pension Contributions	<u>18,443</u>
Total	<u>\$ 211,100</u>

Salary and benefit data for Regional Superintendents and Assistant Regional Superintendents was calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying governmental fund financial statements as local and State revenue and expenditures, respectively.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 9- DUE TO/FROM OTHER GOVERNMENTS

The Jackson and Perry Counties Regional Office of Education #30's General Fund, Agency Fund and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments:

Fiduciary Fund

Illinois State Board of Education \$ 1,585,039

Education Fund

Regional Office of Education #2 18,638

Total \$ 1,603,677

Due to Other Governments:

Fiduciary Fund

Local School Districts \$ 1,593,606

SUPPLEMENTARY INFORMATION

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2006

	School Service	ROE/ISC Operations	TOTALS
Assets			
Cash	\$ 14,001	\$ 5,615	\$ 19,616
Total Assets	<u>\$ 14,001</u>	<u>\$ 5,615</u>	<u>\$ 19,616</u>
Liabilities			
Accounts Payable	\$ -	\$ 5,615	\$ 5,615
Total Liabilities	<u>-</u>	<u>5,615</u>	<u>5,615</u>
Fund Balances			
Unreserved	14,001	-	14,001
Total Fund Balances	<u>14,001</u>	<u>-</u>	<u>14,001</u>
Total Liabilities and Fund Balances	<u>\$ 14,001</u>	<u>\$ 5,615</u>	<u>\$ 19,616</u>

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	School Service	ROE/ISC Operations	TOTALS
Revenues:			
Local sources	\$ 12,099	\$ -	\$ 12,099
Local sources - payments made on behalf of region	128,128	-	128,128
State sources	-	59,210	59,210
State sources - payments made on behalf of region	211,100	-	211,100
Federal sources	8,056	-	8,056
Total Revenues	359,383	59,210	418,593
Expenditures:			
Current:			
Salaries and benefits	-	52,274	52,274
Purchased services	18,373	5,035	23,408
Supplies and materials	12,325	2,222	14,547
Capital outlay	-	-	-
Payments made on behalf of region	339,228	-	339,228
Total Expenditures	369,926	59,531	429,457
Excess (Deficiency) of Revenues Over Expenditures	(10,543)	(321)	(10,864)
Other Financing Sources (Uses):			
Transfer in	1,291	321	1,612
Transfer out	(3,132)	-	(3,132)
Interest	8,761	-	8,761
Total Other Financing Sources (Uses)	6,920	321	7,241
Net Change in Fund Balances	(3,623)	-	(3,623)
Fund Balances - Beginning	17,624	-	17,624
Fund Balances - Ending	\$ 14,001	\$ -	\$ 14,001

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
BUDGETARY COMPARISON SCHEDULE
 (For the Period July 1, 2005 to June 30, 2006)
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State source	\$ 59,210	\$ 59,210	\$ 59,210
Total Revenues	<u>59,210</u>	<u>59,210</u>	<u>59,210</u>
Expenditures:			
Current:			
Salaries and benefits	53,300	53,300	52,274
Purchased services	3,910	3,910	5,035
Supplies and materials	500	500	2,222
Capital outlay	1,500	1,500	-
Total Expenditures	<u>59,210</u>	<u>59,210</u>	<u>59,531</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(321)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	321
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>321</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2006

	Special Programs	Green Schools Demonstration Project	Technology- Enhancing Education- Competitive	Title I - School Improvement & Accountability	Truants Alternative/ Optional Education	McKinney Education For Homeless Children	Reading is Fundamental
Assets							
Cash	\$ 8,451	\$ 5,365	\$ -	\$ -	\$ 29,479	\$ 2,954	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	18,638	-	-	-
Total Assets	\$ 8,451	\$ 5,365	\$ -	\$ 18,638	\$ 29,479	\$ 2,954	\$ -
Liabilities							
Accounts Payable	\$ -	\$ 3,474	\$ -	2,317	\$ 11,908	\$ 2,855	\$ -
Due to other funds	-	-	-	16,321	-	-	-
Deferred revenue	-	1,891	-	-	17,571	99	-
Total Liabilities	-	5,365	-	18,638	29,479	2,954	-
Fund Balances							
Unreserved	8,451	-	-	-	-	-	-
Total Fund Balances	8,451	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 8,451	\$ 5,365	\$ -	\$ 18,638	\$ 29,479	\$ 2,954	\$ -

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2006

	Title I - Reading First Part B SEA	Technology- Learning Technology Centers	Standards Aligned Classroom	Regional Safe Schools	Mathematics and Science Partnership	Total
Assets						
Cash	\$ -	\$ 78,723	\$ 3,523	\$ 141,959	\$ 4,826	\$ 275,280
Due from other funds	-	-	-	16,321	-	16,321
Due from other governments	-	-	-	-	-	18,638
Total Assets	\$ -	\$ 78,723	\$ 3,523	\$ 158,280	\$ 4,826	\$ 310,239
Liabilities						
Accounts Payable	\$ -	\$ 30,467	\$ 3,523	\$ -	\$ -	\$ 54,544
Due to other funds	-	-	-	-	-	16,321
Deferred revenue	-	-	-	-	4,826	24,387
Total Liabilities	-	30,467	3,523	-	4,826	95,252
Fund Balances						
Unreserved	-	48,256	-	158,280	-	214,987
Total Fund Balances	-	48,256	-	158,280	-	214,987
Total Liabilities and Fund Balances	\$ -	\$ 78,723	\$ 3,523	\$ 158,280	\$ 4,826	\$ 310,239

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Special Programs	Green Schools Demonstration Project	Technology- Enhancing Education- Competitive	Title I - School Improvement & Accountability	Truants Alternative/ Optional Education	McKinney Education for Homeless Children	Reading is Fundamental
Revenues:							
Local sources	\$ 10,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	27,734	-	22,727	116,607	-	-
Federal sources	-	-	19,580	185,854	-	27,493	-
Total Revenue	10,533	27,734	19,580	208,581	116,607	27,493	-
Expenditures:							
Current:							
Salaries and benefits	-	27,780	1,421	60,439	62,410	22,046	-
Purchased services	235	740	3,480	148,108	7,093	976	-
Supplies and materials	10,097	-	14,642	34	433	1,867	-
Capital outlay	-	-	2,848	-	-	2,752	-
Payments to other governments	-	-	-	-	46,956	-	-
Total Expenditures	10,332	28,520	22,391	208,581	116,892	27,641	-
Excess (Deficiency) of Revenues Over Expenditures	201	(786)	(2,811)	-	(285)	(148)	-
Other Financing Sources (Uses):							
Transfer in	-	-	2,811	-	-	-	-
Transfer out	-	-	-	-	-	-	(329)
Interest	213	786	-	-	285	148	-
Total Other Financing Sources (Uses)	213	786	2,811	-	285	148	(329)
Net Change in Fund Balances	414	-	-	-	-	-	(329)
Fund Balance - Beginning	8,037	-	-	-	-	-	329
Fund Balance - Ending	\$ 8,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Title I - Reading First Part B SEA	Technology- Learning Technology Centers	Standards Aligned Classroom	Regional Safe Schools	Mathematics and Science Partnership	Total
Revenues:						
Local sources	973	\$ 5,160	\$ -	\$ 30	\$ -	\$ 16,696
State sources	-	148,680	-	171,525	-	487,273
Federal sources	-	-	11,800	-	9,779	254,506
Total Revenue	973	153,840	11,800	171,555	9,779	758,475
Expenditures:						
Current:						
Salaries and benefits	-	92,139	8,675	149,557	1,377	425,844
Purchased services	-	14,495	2,718	25,791	8,402	212,038
Supplies and materials	-	1,518	418	3,000	-	32,009
Capital outlay	-	-	-	-	-	5,600
Payments to other governments	-	48,256	-	-	-	95,212
Total Expenditures	-	156,408	11,811	178,348	9,779	770,703
Excess (Deficiency) of Revenues Over Expenditures	973	(2,568)	(11)	(6,793)	-	(12,228)
Other Financing Sources (Uses):						
Transfer in	-	-	11	-	-	2,822
Transfer out	(973)	-	-	-	-	(1,302)
Interest	-	1,567	-	2,653	-	5,652
Total Other Financing Sources (Uses)	(973)	1,567	11	2,653	-	7,172
Net Change in Fund Balances	-	(1,001)	-	(4,140)	-	(5,056)
Fund Balance - Beginning	-	49,257	-	162,420	-	220,043
Fund Balance - Ending	\$ -	\$ 48,256	\$ -	\$ 158,280	\$ -	\$ 214,987

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
BUDGETARY COMPARISON SCHEDULE
 (For the Period July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE / OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 117,094	\$ 117,094	\$ 116,607
Total Revenues	<u>117,094</u>	<u>117,094</u>	<u>116,607</u>
Expenditures:			
Current:			
Salaries and benefits	62,000	62,000	62,410
Purchased services	7,294	7,294	7,093
Supplies and materials	700	700	433
Payments to other governments	47,100	47,100	46,956
Total Expenditures	<u>117,094</u>	<u>117,094</u>	<u>116,892</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(285)</u>
Other Financing Sources (Uses):			
Interest	-	-	285
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>285</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 BUDGETARY COMPARISON SCHEDULE
 (For the Period July 1, 2005 to June 30, 2006)
 EDUCATION FUND ACCOUNTS
 TECHNOLOGY - LEARNING TECHNOLOGY CENTERS
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local source	\$ -	\$ -	\$ 5,160
State source	148,680	148,680	148,680
Total Revenues	<u>148,680</u>	<u>148,680</u>	<u>153,840</u>
Expenditures:			
Current:			
Salaries and benefits	88,668	88,668	92,139
Purchased services	11,118	11,118	14,495
Supplies and materials	638	638	1,518
Payments to other governments	48,256	48,256	48,256
Total Expenditures	<u>148,680</u>	<u>148,680</u>	<u>156,408</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(2,568)</u>
Other Financing Sources (Uses):			
Interest	-	-	1,567
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,567</u>
Net Change in Fund Balances	-	-	(1,001)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>49,257</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,256</u>

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 BUDGETARY COMPARISON SCHEDULE
 (For the Period July 1, 2005 to June 30, 2006)
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 30
State sources	113,275	113,275	171,525
Total Revenues	<u>113,275</u>	<u>113,275</u>	<u>171,555</u>
Expenditures:			
Current:			
Salaries and benefits	104,870	104,870	149,557
Purchased services	7,205	7,205	25,791
Supplies and materials	1,200	1,200	3,000
Total Expenditures	<u>113,275</u>	<u>113,275</u>	<u>178,348</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(6,793)</u>
Other Financing Sources (Uses):			
Interest	-	-	2,653
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,653</u>
Net Change in Fund Balances	-	-	(4,140)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>162,420</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,280</u>

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
BUDGETARY COMPARISON SCHEDULE
 (For the Period of March 15, 2004 to March 14, 2006)
EDUCATION FUND ACCOUNTS
GREEN SCHOOLS DEMONSTRATION PROJECT
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 50,000	\$ 50,000	\$ 27,734
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>27,734</u>
Expenditures:			
Current:			
Salaries and benefits	44,370	44,370	27,780
Purchased services	5,630	5,630	740
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>28,520</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(786)</u>
Other Financing Sources (Uses):			
Interest	-	-	786
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>786</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: This grant has a two-year operating period and recognizes current year income based on the expenditures for that period.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2006

	SPECIAL REVENUE FUNDS			Total
	Bus Driver Training	Supervisory	General Education Development	Nonmajor Governmental Funds
Assets				
Cash	\$ 520	\$ 2,142	\$ 1,787	\$ 4,449
Total Assets	\$ 520	\$ 2,142	\$ 1,787	\$ 4,449
Fund Balances:				
Unreserved	\$ 520	\$ 2,142	\$ 1,787	\$ 4,449
Total Fund Balances	520	2,142	1,787	4,449
Total Liabilities and Fund Balances	\$ 520	\$ 2,142	\$ 1,787	\$ 4,449

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS			Total Nonmajor Governmental Funds
	Bus Driver Training	Supervisory	General Education Development	
Revenue:				
Local sources	\$ 1,490	\$ -	\$ 8,448	\$ 9,938
State sources	360	2,000	-	2,360
Total Revenues	1,850	2,000	8,448	12,298
Expenditures:				
Current:				
Salaries and benefits	-	-	1,981	1,981
Purchased services	1,122	1,971	5,487	8,580
Supplies and materials	10	-	1,870	1,880
Total Expenditures	1,132	1,971	9,338	12,441
Excess (Deficiency) of Revenues Over Expenditures	718	29	(890)	(143)
Other Financing Sources:				
Interest	-	54	69	123
Total Other Financing Sources	-	54	69	123
Net Change in Fund Balances	718	83	(821)	(20)
Fund Balance - Beginning	(198)	2,059	2,608	4,469
Fund Balance - Ending	\$ 520	\$ 2,142	\$ 1,787	\$ 4,449

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2006

	Distributive Fund	Education for Employment	Totals
Assets			
Cash	\$ 952	\$ 7,615	\$ 8,567
Due from ISBE	1,585,039	-	1,585,039
Total Assets	\$ 1,585,991	\$ 7,615	\$ 1,593,606
Liabilities			
Due to other governments	\$ 1,585,991	\$ 7,615	\$ 1,593,606
Total Liabilities	\$ 1,585,991	\$ 7,615	\$ 1,593,606

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Balance 7/1/05	Additions	Deductions	Balance 6/30/06
<u>Distributive Fund</u>				
Assets				
Cash	\$ 213	\$ 54,003,324	\$ 54,002,585	\$ 952
Due from ISBE	822,321	1,585,039	822,321	1,585,039
Total Assets	<u>\$ 822,534</u>	<u>\$ 55,588,363</u>	<u>\$ 54,824,906</u>	<u>\$ 1,585,991</u>
Liabilities				
Due to other governments	\$ 822,534	\$ 55,588,363	\$ 54,824,906	\$ 1,585,991
Total Liabilities	<u>\$ 822,534</u>	<u>\$ 55,588,363</u>	<u>\$ 54,824,906</u>	<u>\$ 1,585,991</u>
 <u>Education for Employment</u>				
Assets				
Cash	\$ 5,007	\$ 15,129	\$ 12,521	\$ 7,615
Total Assets	<u>\$ 5,007</u>	<u>\$ 15,129</u>	<u>\$ 12,521</u>	<u>\$ 7,615</u>
Liabilities				
Due to other governments	\$ 5,007	\$ 15,129	\$ 12,521	\$ 7,615
Total Liabilities	<u>\$ 5,007</u>	<u>\$ 15,129</u>	<u>\$ 12,521</u>	<u>\$ 7,615</u>
 <u>Totals - All Agency Funds</u>				
Assets				
Cash	\$ 5,220	\$ 54,018,453	\$ 54,015,106	\$ 8,567
Due from ISBE	822,321	1,585,039	822,321	1,585,039
Total Assets	<u>\$ 827,541</u>	<u>\$ 55,603,492</u>	<u>\$ 54,837,427</u>	<u>\$ 1,593,606</u>
Liabilities				
Due to other governments	\$ 827,541	\$ 55,603,492	\$ 54,837,427	\$ 1,593,606
Total Liabilities	<u>\$ 827,541</u>	<u>\$ 55,603,492</u>	<u>\$ 54,837,427</u>	<u>\$ 1,593,606</u>

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	Pinckneyville CUSD #101	Grant City CUSD #130	Carbondale CUSD #165	Trico CUSD #176	Murphysboro CUSD #186	Elverado CUSD #196	Comm. Cons. CUSD #204	DuQuoin CUSD #300	Tamaroa CUSD #5	Pinckneyville CUSD #50	DeSoto CUSD #86	Carbondale CUSD #95	Educ. Service Reg.	Regional Delivery	Total
General State Aid - Sec. 18-8	\$ 1,510,315	\$ 836,861	\$ 2,155,979	\$ 2,905,489	\$ 8,119,771	\$ 2,095,161	\$ 469,977	\$ 5,813,445	\$ 567,402	\$ 2,186,532	\$ 879,703	\$ 2,250,390	\$ 58,250	\$ -	\$ 29,849,275
General State Aid - Hold Harmless/Supplemental	-	-	-	-	-	-	-	-	-	-	-	219,844	-	-	219,844
Transition Assistance	-	19,849	-	-	503,477	-	-	-	-	-	-	-	-	-	523,326
Sp. Ed. - Private Facility Tuition	-	-	15,934	-	-	-	-	-	-	-	-	-	-	-	15,934
Sp. Ed. - Extraordinary	17,196	36,718	123,957	162,458	515,440	57,729	29,991	159,127	15,023	127,645	40,210	248,153	-	-	1,533,647
Sp. Ed. - Personnel	30,101	16,189	106,075	76,733	1,244,346	34,567	16,937	139,002	11,238	58,004	31,020	154,606	-	-	1,918,818
Sp. Ed. - Orphanage - Individual	21,780	-	9,673	2,179	674,385	14,005	-	7,132	-	19,398	-	61,360	-	-	809,912
Sp. Ed. - Orphanage - Summer Individual	-	-	-	-	16,058	-	-	-	-	-	-	-	-	-	16,058
Sp. Ed. - Summer School	-	-	-	-	393	-	-	320	230	-	-	360	-	-	1,303
V.E. Career & Technical Ed. Imp.	-	-	-	-	-	-	-	-	-	-	-	-	-	276,985	276,985
Agriculture Ed.	-	-	-	-	-	-	-	-	-	-	-	-	-	9,982	9,982
Bilingual Ed. - Downstate - TPI & TBE	-	-	3,051	-	600	-	-	-	-	-	-	16,624	-	-	20,275
State Free Lunch & Breakfast	1,195	1,391	9,656	8,444	33,820	7,546	1,052	16,002	2,452	4,027	2,418	32,687	-	-	120,690
School Breakfast Incentive	95	-	391	-	549	298	-	202	281	192	116	311	-	-	2,435
Driver Education	16,879	-	35,117	9,195	24,197	5,028	-	19,559	-	-	-	-	-	-	109,975
Transportation - Regular & Vocational	80,608	46,918	107,769	437,584	600,460	221,706	72,551	264,203	17,268	72,258	23,632	364,024	-	-	2,308,981
Transportation - Special Education	43,724	-	80,086	99,674	169,668	61,652	28,784	51,909	33,150	82,133	44,992	253,739	-	-	949,511
ROE School Bus Driver Training	-	-	-	-	-	-	-	-	-	-	-	-	360	-	360
National Board Certification Initiatives	-	2,896	7,792	-	1,000	-	-	-	-	-	-	2,896	-	-	14,584
Truants Alternative/Operational Ed.	-	-	61,926	-	-	-	-	-	-	-	-	-	117,094	-	179,020
Regional Safe Schools	-	-	-	-	-	-	-	-	-	-	-	-	179,166	-	179,166
Early Childhood - Block Grant	-	-	-	-	3,354,596	-	-	-	-	-	-	470,709	-	-	3,825,305
Reading Improvement Block Grant	-	12,761	-	33,908	86,758	22,736	10,216	57,722	6,431	32,170	15,753	113,998	-	-	392,453
Reading Improvement Block - Read. Rec.	-	-	-	-	-	-	-	-	-	-	-	18,050	-	-	18,050
ROE/ISC Operations	-	-	-	-	-	-	-	-	-	-	-	-	59,210	-	59,210
Supervisory Expense	-	-	-	-	-	-	-	-	-	-	-	-	2,000	-	2,000
ADA Safety & Educational Block Grant	15,856	8,603	36,196	30,891	67,731	16,725	6,880	49,185	3,980	19,698	7,739	41,698	-	-	305,182
Technology LTC	-	-	-	-	-	-	-	-	-	-	-	-	161,070	-	161,070
Orphanage Tuition	-	-	14,676	-	-	-	-	-	-	-	-	-	-	-	14,676
Title V - Innovative Programs - Formula	1,430	816	4,345	3,739	9,572	5,045	964	5,506	394	2,386	1,277	7,098	-	-	42,572
Title V - Innovative Programs - SEA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National School Lunch Program	18,102	23,661	89,183	126,393	393,914	91,104	21,329	185,703	27,659	66,061	34,219	322,733	-	-	1,400,061
School Breakfast Program	5,087	5,425	48,540	33,631	139,437	31,429	4,917	63,932	12,641	14,035	8,597	137,906	-	-	505,577
Summer Food Service Program	-	-	-	-	9,133	-	-	27,768	2,668	-	-	-	-	-	39,569
IASA - Title I - Low Income	46,057	60,331	363,072	183,257	834,792	217,070	30,426	346,796	46,500	210,316	76,450	884,020	-	-	3,299,087
IASA - Title I - Comprehensive School Reform	-	-	-	-	-	-	-	46,415	-	-	-	-	-	-	46,415
IASA - Even Start	-	-	-	-	321,086	-	-	-	-	-	-	-	-	-	321,086
Illinois Reading First	-	-	-	-	-	-	-	-	-	-	-	-	3,137	-	3,137
Title IV - Safe & Drug Free Schools - Formula	1,193	1,720	7,635	3,099	18,367	7,263	1,411	11,515	504	4,472	2,766	18,557	-	-	78,502
Title IV - 21st Century Comm L.C.	-	-	-	-	-	164,004	-	-	-	-	-	-	-	-	164,004
Sp. Ed. Pre-School	-	-	-	-	89,296	-	-	-	-	-	-	-	-	-	89,296
Special Educ. IDEA	-	-	-	-	3,076,689	-	-	-	-	-	-	-	-	-	3,076,689
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	-	814	-	-	419	-	-	356	-	54	-	55	-	-	1,698
V.E. Perkins Title II Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	181,557	181,557
Title III - Immigrant Education Program	-	-	-	-	-	-	-	-	-	-	-	7,000	-	-	7,000
Title II - Teacher Quality	18,712	19,862	48,907	88,631	219,527	39,760	14,995	102,411	6,286	52,703	20,195	176,397	-	-	808,386
Technology Enhancing Education - Formula	706	1,117	5,378	3,245	15,470	3,024	329	6,961	734	2,885	1,540	15,940	-	-	57,329
Tech - Enhanc. Ed. Competitive	93	-	-	-	-	-	-	-	-	-	-	-	-	-	93
Hurricane Education Relief Act	-	-	-	-	25,000	7,500	-	10,000	-	-	-	-	-	-	42,500
TOTALS	\$ 1,829,129	\$ 1,095,932	\$ 3,335,338	\$ 4,208,550	\$ 20,565,951	\$ 3,103,352	\$ 710,759	\$ 7,338,756	\$ 801,256	\$ 2,954,969	\$ 1,190,627	\$ 5,819,155	\$ 580,287	\$ 468,524	\$ 54,002,585

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
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 # (1st eight digits) or Contract #</u>	<u>Federal Expenditures 7/1/05 - 6/30/06</u>
U.S. Dept. of Education			
passed through Alexander, Johnson, Massac, Pulaski, and Union Counties Regional Office of Education #2			
Mathematics and Science Partnerships	84.366B	06-4936-00	9,779
Title I - School Improvement and Accountability	84.010A	06-4331-SS	<u>185,854 (M)</u>
Total U.S. Dept of Education through Alexander, Johnson, Massac, Pulaski, and Union Counties Regional Office of Education #2			<u>195,633</u>
U.S. Dept. of Education			
passed through Hamilton and Jefferson Counties Regional Office of Education #25			
Standards Aligned Classroom	84.289A	06-4999-00	<u>11,800</u>
Total U.S. Dept of Education through Hamilton and Jefferson Counties Regional Office of Education #25			<u>11,800</u>
U.S. Dept. of Education			
passed through Franklin and Williamson Counties Regional Office of Education #21			
Technology - Enhancing Education - Competitive	84.318X	06-4972-01	19,580
McKinney Education for Homeless Children	84.196A	06-4920-00	<u>27,493</u>
Total U.S. Dept of Education through Franklin and Williamson Counties Regional Office of Education #21			<u>47,073</u>
U.S. Dept. of Education			
Reading is Fundamental (See Note 4)			<u>8,056</u>
Total U.S. Dept. of Education			
Total Expenditures of Federal Awards			<u>\$ 262,562</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

JACKSON AND PERRY COUNTIES REGIONAL OFFICE OF EDUCATION #30
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 Jackson and Perry Counties Regional Office of Education #30 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

None

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Title I - School Improvement and Accountability – This fund supports the improvement of basic programs operated by the Jackson and Perry Counties Regional Office of Education #30 by providing professional development for data analysis, school improvement plan/development, Standards-Aligned curriculum/instruction, and classroom assessment to System of Support Status schools on Academic Early Warning and Watch.

NOTE 4 - NON-CASH ASSISTANCE

This non-cash funding reported on the Schedule of Expenditures of Federal Awards represents payments made by the U.S. Department of Education directly to the book vendor on behalf of the Regional Office of Education #30. These federal funds provide up to a 75 percent match for the cost of books for children and youths from infancy to high school age and promote activities to motivate them to read.

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None.