

State of Illinois
REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS,
EDGAR, MOULTRIE AND SHELBY COUNTIES
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2007

Performed as Special Assistant Auditors
For the Office of the Auditor General

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 FOR THE YEAR ENDED JUNE 30, 2007

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

AGENCY OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Mr. John McNary

Assistant Regional Superintendent
(Current and during the Audit Period)

Mr. Nik Groothuis

Office is located at:

730 7th Street
Charleston, Illinois 61920

**REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR,
MOULTRIE, AND SHELBY COUNTIES
JUNE 30, 2007**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Findings	3	2
Repeated findings	0	1
Prior recommendations implemented or not repeated	2	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 (<i>GOVERNMENT AUDITING STANDARDS</i>)		
07-01	12a	Inadequate Internal Control Procedures
07-02	12c	Controls Over Compliance with Laws and Regulations
07-03	12d	Controls Over Financial Statement Preparation
FINDINGS AND QUESTIONED COSTS (<i>FEDERAL COMPLIANCE</i>)		
07-01	12a	Inadequate Internal Control Procedures

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

06-1 Controls over Compliance with Laws and Regulations

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

06-2 Unexpended Interest Income

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 13, 2007. Attending were John McNary, Superintendent, and Tami Colpitts-Knight, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Mr. McNary.

FINANCIAL STATEMENT

REPORT SUMMARY

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties Regional Office of Education #11, as of and for the year ended June 30, 2007, which collectively comprise the Regional Office of Education #11's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #11's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #11, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 25, 2008, on our consideration of the Regional Office of Education #11's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #11's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Marion, Illinois
March 25, 2008

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #11, as of and for the year ended June 30, 2007, which collectively comprise the Regional Office of Education #11's basic financial statements and have issued our report thereon dated March 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #11's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Regional Office of Education #11's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #11's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 07-01 and 07-03, to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider items 07-01 and 07-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #11's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-02.

Regional Office of Education #11's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education #11's response and, accordingly, we express no opinion on them.

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Marion, Illinois
March 25, 2008

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #11 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Regional Office of Education #11's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #11's management. Our responsibility is to express an opinion on the Regional Office of Education #11's compliance based on our audit.

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

In our opinion, Regional Office of Education #11 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Regional Office of Education #11 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #11's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing

procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #11's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 07-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider 07-01 to be a material weakness.

Regional Office of Education #11's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Regional Office of Education #11's response and, accordingly, we express no opinion on it.

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.

Kempae CPA Group LLP

Certified Public Accountants and Consultants

Marion, Illinois
March 25, 2008

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SUMMARY OF AUDITOR'S RESULTS
 JUNE 30, 2007

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
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
● Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) 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)?	No

Identification of **major** programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	Standards Aligned Classroom – Statewide Professional Development

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

Auditee qualified as a low-risk auditee?	No
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**REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING NO. 07-01 – Inadequate Internal Control Procedures

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

Project Number: 07-4331-00

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 over receipts and disbursements to prevent errors and fraud.

Condition:

During the audit we noted the following weaknesses in the Regional Office of Education's internal control system:

- A. In our testing of 65 transactions we noted the following:
 - a. One instance where the supporting documentation was missing.
 - b. Four instances where there was no indication of approval on the Regional Office's Order to Pay form.
 - c. One instance where sales tax had been paid on the purchase.
- B. The Regional Office does not have formal disposal procedures for assets to ensure all disposals are properly approved.
- C. The individuals that prepare the payroll disbursements are also responsible for disbursing pay checks to employees.
- D. An individual independent of the expenditure report preparation process does not review the expenditure reports prior to their final submission to the grantor. This lack of review resulted in two incorrectly filed expenditure reports.
- E. An individual independent of the journal entry preparation process does not review the journal entries periodically.

Questioned Costs:

We noted one instance where sales tax of \$10.27 had been paid on the purchase. We noted four invoices totaling \$2,027.50 where there was no indication of approval on the Regional Office's order to pay form. We also noted one invoice totaling \$32.00 where no supporting documentation was available.

**REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FINDING NO. 07-01 – Inadequate Internal Control Procedures (Concluded)

Context:

We noted these exceptions during our testing of 65 transactions.

Effect:

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

Cause:

The Regional Office has not established sufficient internal control procedures.

Recommendation:

- A. The Regional Office should follow their established internal control procedures.
- B. The Regional Office should develop formal disposal procedures for assets to ensure all disposals are properly approved.
- C. For proper segregation of duties, an individual independent of the payroll preparation process should receive the payroll checks from the check signer and be responsible for disbursing the payroll checks to employees.
- D. An individual independent of the expenditure report process should review and approve all expenditure reports prior to their final submission to ensure that the expenditure report agrees with the general ledger detail.
- E. An individual independent of the journal entry process should periodically review the journal entries posted to the Regional Office's general ledger to ensure they are appropriate and approved.

Management's Response:

The Regional Office of Education #11 agrees that some weaknesses were found, however none of them were attributed to the distribution of funds to ROE fiscal agents. Steps will be implemented to correct the identified weaknesses.

**REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FINDING NO. 07-02 – Controls Over Compliance with Laws and Regulations

Criteria/Specific Requirement:

The Illinois School Code 105 ILCS 5/3-12 states that all certificate registration fees and a portion of renewal and duplicate fees shall be kept by the Regional Superintendent and shall be used by the Regional Superintendent to defray expenses associated with the work of the Regional Professional Development Review Committees, improving the technology necessary for the efficient processing of certificates, expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers, or for expenses related to general or special meetings of teachers or school personnel of the region, which has been approved by the Regional Superintendent.

Condition:

The Regional Office of Education #11 transferred \$3,568.76 from the Institute Fund to the Director's fund to pay for expenditures related to providing criminal background checks.

Effect:

The Regional Office of Education #11's use of the fees referenced in 105 ILCS 5/3-12 did not comply with statutory requirements.

Cause:

The Regional Superintendent felt that this was an appropriate expenditure under the statute.

Recommendation:

The Regional Office of Education #11 should comply with the requirements of 105 ILCS 5/3-12.

Management's Response:

While the Regional Office feels that paying for expenditures related to providing criminal background checks is an appropriate expense for the Institute Fund since it is an expense "related to general or special meetings of teachers", the Regional Office will cease the practice. School Districts will not allow teachers to attend meetings unless a substitute teacher is available. In order to become a substitute teacher, an applicant must go through the criminal background process which includes fingerprinting.

**REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 07-03 – Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education #11 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education #11 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements sufficient for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, not all entries were made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

**REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 07-03 –Controls Over Financial Statement Preparation (Concluded)

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #11 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education’s activities and operations.

Management’s Response:

The Regional Office of Education understands the nature of this finding and believes that the circumstance is not unusual in an organization of its size. The Regional Office accepts the degree of risk associated with the condition and believes that seeking additional accounting expertise in the form of another accounting firm or appropriately trained individual to prepare and/or review financial statements would reduce funds available to provide educational services for the schools in the region. To help address the lack of “sufficient internal controls over the financial reporting process,” the Regional Office will seek appropriate training for its bookkeeping staff.

**REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

07-01 - Inadequate Internal Control Procedures (finding details on page 12a)

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2007

Corrective Action Plan

Finding No. 07-01 – Inadequate Internal Control Procedures

Condition:

During the audit we noted the following weaknesses in the Regional Office of Education's internal control system:

- A. In our testing of 65 transactions we noted the following:
 - a. One instance where the supporting documentation was missing.
 - b. Four instances where there was no indication of approval on the Regional Office's Order to Pay form.
 - c. One instance where sales tax had been paid on the purchase.
- B. The Regional Office does not have formal disposal procedures for assets to ensure all disposals are properly approved.
- C. The individuals that prepare the payroll disbursements are also responsible for disbursing pay checks to employees.
- D. An individual independent of the expenditure report preparation process does not review the expenditure reports prior to their final submission to the grantor. This lack of review resulted in two incorrectly filed expenditure reports.
- E. An individual independent of the journal entry preparation process does not review the journal entries periodically.

Plan:

- A. The Regional Office will follow their established internal control procedures.
- B. The Regional Office will develop formal disposal procedures for assets to ensure all disposals are properly approved.
- C. For proper segregation of duties, an individual independent of the payroll preparation process will receive the payroll checks from the check signer and be responsible for disbursing the payroll checks to employees.
- D. An individual independent of the expenditure report process will review and approve all expenditure reports prior to their final submission to ensure that the expenditure report agrees with the general ledger detail.
- E. An individual independent of the journal entry process will periodically review the journal entries posted to the Regional Office's general ledger to ensure they are appropriate and approved.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2007

Corrective Action Plan (Continued)

Finding No. 07-01 – Inadequate Internal Control Procedures (Concluded)

Anticipated Completion Date:

Immediately upon learning of the oversight.

Contact Person:

John McNary, Regional Superintendent of Schools

Finding No. 07-02 – Controls Over Compliance with Laws and Regulations

Condition:

The Regional Office of Education #11 transferred \$3,568.76 from the Institute Fund to the Director's fund to pay for expenditures related to providing criminal background checks.

Plan:

The Regional Office of Education #11 will comply with the requirements of 105 ILCS 5/3-12.

Anticipated Completion Date:

Immediately upon learning of the oversight.

Contact Person:

John McNary, Regional Superintendent of Schools

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2007

Corrective Action Plan (Concluded)

Finding No. 07-03 – Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education #11 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements sufficient for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, not all entries were made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

Plan:

The Regional Office accepts the degree of risk associated with the condition and believes that seeking additional accounting expertise in the form of another accounting firm or an appropriately trained individual to prepare and/or review financial statements would reduce funds available to provide educational services for the schools in the region. To help address the lack of "sufficient internal controls over the financial reporting process," the Regional Office will seek appropriate training for its bookkeeping staff.

Anticipated Completion Date:

Immediately upon learning of the oversight.

Contact Person:

John McNary, Regional Superintendent of Schools

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2007

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
06-1	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11	Resolved
	B. Controls Over Compliance with the requirements of 105 ILCS 5/3-5	Corrected
	C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5	Resolved
06-2	Unexpended Interest Income	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The Regional Office of Education #11 for the Counties of Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follow.

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

Financial Highlights

- Within the Governmental Funds, the General Fund balance decreased from \$412,563 in FY06 to \$327,065 in FY07, and the Education Fund balance decreased from \$94,521 to \$60,102.
- Within the Proprietary Fund, Total Net Assets increased from \$99,330 to \$212,748.

Using This Report

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Reporting the Office as a Whole (Concluded)

1. Governmental funds account for all of the Office's services. These funds focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation between the governmental fund financial statements and the government-wide financial statements follow each of the related governmental fund financial statements. The Office's governmental funds include the General Fund and the Special Revenue Funds. The governmental fund required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
2. The Proprietary Fund is used to account for registration fees for workshops and other services sponsored by the Regional Office of Education #11. The Proprietary Fund's required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and, Changes in Fund Net Assets, and Statement of Cash Flows.
3. Fiduciary funds are used to account for assets held by the Regional Office of Education #11 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets. The Regional Office of Education #11 excludes these assets from the government-wide financial statements because it cannot use these assets to finance its operations.

Government –Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the financial position. The Regional Office's Governmental net assets at the end of FY07 totaled \$513,737. This compares to \$628,339 at the end of FY06. The analysis that follows provides a summary of the Office's net assets at June 30, 2007 for the governmental and business-type activities.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
 AND SHELBY COUNTIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2007

Government –Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		Increase/ (Decreased)
	<u>2006</u>	<u>2007</u>	
Current Assets	\$ 859,753	\$ 681,033	\$ (178,720)
Capital Assets, being depreciated, net	<u>8,439</u>	<u>3,462</u>	(4,977)
Total Assets	<u>868,192</u>	<u>684,495</u>	(183,697)
Current Liabilities	<u>239,853</u>	<u>170,758</u>	(69,095)
Net Assets:			
Invested in Capital Assets	8,439	3,462	(4,977)
Restricted for teacher professional development	91,829	102,360	10,531
Unrestricted	<u>528,071</u>	<u>407,915</u>	(120,156)
Total Net Assets	<u>\$ 628,339</u>	<u>\$ 513,737</u>	\$ (114,602)

The Regional Office of Education's governmental Net Assets decreased from \$628,339 to \$513,737. Cash and cash equivalents made up the majority of current assets. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
 AND SHELBY COUNTIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2007

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET ASSETS

	<u>Business-Type Activities</u>		Increase/ (Decreased)
	<u>2006</u>	<u>2007</u>	
Current Assets	\$ 95,157	\$ 209,127	\$ 113,970
Capital Assets, being depreciated,	5,432	3,621	(1,811)
Total Assets	<u>100,589</u>	<u>212,748</u>	112,159
Current Liabilities	<u>1,259</u>	<u> </u>	(1,259)
Net Assets:			
Invested in Capital Assets	5,432	3,621	(1,811)
Unrestricted	<u>93,898</u>	<u>209,127</u>	115,229
Total Net Assets	<u>\$ 99,330</u>	<u>\$ 212,748</u>	\$ 113,418

The Regional Office of Education #11 uses its business-type net assets to provide workshops and training services to school districts in the region. The increase in current assets and net assets are due to more workshops being held in fiscal year 2007 as compared to fiscal year 2006.

STATEMENT OF ACTIVITIES

The following analysis shows the changes in net assets for governmental and business-type activities for the years ended June 30, 2007 and June 30, 2006.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
 AND SHELBY COUNTIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2007

Government-Wide Financial Analysis (Continued)

STATEMENT OF ACTIVITIES

Governmental Activities

	2006	2007	Increase/ (Decrease)
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 1,703,308	\$ 1,601,299	\$ (102,009)
General Revenues			
Local sources	370,029	388,204	18,175
State sources	526,177	613,938	87,761
On-behalf payment	245,945	265,927	19,982
Transfer in / (out)	(7,624)	(120,343)	(112,719)
Investment earnings	38,876	27,072	(11,804)
Total Revenues	2,876,711	2,776,097	(100,614)
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and Benefits	865,260	1,006,637	141,377
Purchases Services	298,583	357,713	59,130
Supplies and Materials	114,353	82,783	(31,570)
Depreciation Expense	10,981	5,579	(5,402)
Payments to Other Governments	1,243,225	1,164,638	(78,587)
Other Objects	8,097	7,422	(675)
Administrative Expense:			
On-Behalf Payments - State	245,945	265,927	19,982
Total Expenses	2,786,444	2,890,699	104,255
Change in Net Assets	90,267	(114,602)	(204,869)
Net Assets - Beginning	538,072	628,339	90,267
Net Assets - Ending	\$ 628,339	\$ 513,737	(114,602)

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
 AND SHELBY COUNTIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2007

Government-Wide Financial Analysis (Concluded)

Revenues for governmental activities were \$2,776,097 and expenses were \$2,890,699. The decrease in total revenue is due to several factors. The Institute Fund is in the third year of a five-year cycle for teacher certification. In the current year, the number of people requiring certification renewing their certificate decreased. The Standards Aligned Classroom project was funded at \$900,000 which was a decrease of \$100,000. The Office increased a Professional Development Consortium to seven school districts which generated \$42,200, state aid was increased, and grant funding grew slightly, which helped to off set the decrease in revenue.

STATEMENT OF ACTIVITIES

	<u>Business-Type Activities</u>		Increase/ (Decrease)
	<u>2006</u>	<u>2007</u>	<u>(Decrease)</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 60,158	\$ 97,640	\$ 37,482
General Revenues			
Investment earnings	7,375	10,698	3,323
Transfer In	8,112	121,071	112,959
Transfer Out	(488)	(728)	(240)
Total Revenues	<u>75,157</u>	<u>228,681</u>	153,524
Expenses:			
Salaries and Benefits	51,270	40,681	(10,589)
Purchases Services	33,284	50,297	17,013
Supplies and Materials	12,472	20,252	7,780
Depreciation Expense	1,994	1,811	(183)
Dues and Fees	-	2,222	2,222
Total Expenses	<u>99,020</u>	<u>115,263</u>	16,243
Change in Net Assets	(23,863)	113,418	137,281
Net Assets - Beginning	<u>123,193</u>	<u>99,330</u>	(23,863)
Net Assets - Ending	<u>\$ 99,330</u>	<u>\$ 212,748</u>	113,418

Revenues for the business-type activities were \$228,681 and expenses were \$115,263. This resulted in an overall increase in total net assets of \$113,418.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Financial Highlights of the Regional Office of Education #11 Funds

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

Governmental Fund Highlights:

- The return on investments (certificates of deposit, short term investments, and interest earned on float), were increased because of the increase in interest rates and an increase in State of Illinois funds.
- County support for the Regional Office of Education #11 grew by 3.00% to \$263,125.
- There was an increase in the state aid foundation level to \$5,334 per student from \$5,164. This helped to maintain the dollars provided for the Safe Schools (Bridges) Program.
- Professional Development Consortium of seven school districts generated \$42,200.

Proprietary Fund Highlights:

The Regional Office of Education #11's Local Workshop Fund has increased. The number of school districts allowing teachers to attend workshops increased in the current year. In addition, the number of workshops sponsored by the ROE in the current year increased.

Budgetary Highlights:

The Regional Office of Education #11 annually adopts budgets. The Institute Fund, the Direct Services Budget and the Special Funds Budget are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the seven County Boards for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #11 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE,
AND SHELBY COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Capital Assets

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

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation of State Aid was increased to \$5,734 per student for FY08.
- The interest rate on investments remains low and may decrease.
- Several grants have remained near or at previous levels.
- The State of Illinois increased funding for the TAEOP program by \$16,000 in January, 2008.
- County Board support of the Regional Office of Education #11 grew by 3.50% to \$272,335 for the period of time December 1, 2007 to November 30, 2008.
- The Statewide Standards Aligned Classroom will only be funded at \$552,000, not \$900,000.
- The Professional Development Consortium includes eight school districts and will generate \$48,200 and the State of Illinois support for professional development activities will increase from \$91,264 to \$93,347.

Contacting the Regional Office's Financial Management

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

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalent	\$ 602,976	\$ 207,227	\$ 810,203
Due from other governments:			
Local	-	1,900	1,900
State	1,606	-	1,606
Federal	76,451	-	76,451
Total Current Assets	<u>681,033</u>	<u>209,127</u>	<u>890,160</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	3,462	3,621	7,083
Total Noncurrent Assets	<u>3,462</u>	<u>3,621</u>	<u>7,083</u>
 Total Assets	 <u>684,495</u>	 <u>212,748</u>	 <u>897,243</u>
Liabilities			
Current Liabilities:			
Accounts payable	63,116	-	63,116
Payroll liabilities	52,859	-	52,859
Due to other governments:			
State	7,768	-	7,768
Federal	40,561	-	40,561
Deferred revenue	6,454	-	6,454
Total Current Liabilities	<u>170,758</u>	<u>-</u>	<u>170,758</u>
Net Assets			
Invested in capital assets	3,462	3,621	7,083
Restricted for teacher professional development	102,360	-	102,360
Unrestricted	407,915	209,127	617,042
Total Net Assets	<u>\$ 513,737</u>	<u>\$ 212,748</u>	<u>\$ 726,485</u>

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Current:						
Salaries and benefits	\$ 1,006,637	\$ -	\$ 522,545	\$ (484,092)	\$ -	\$ (484,092)
Purchased services	357,713	-	144,634	(213,079)	-	(213,079)
Supplies and materials	82,783	-	33,518	(49,265)	-	(49,265)
Capital outlay	-	-	602	602	-	602
Payments to other governments	1,164,638	-	900,000	(264,638)	-	(264,638)
Other objects	7,422	-	-	(7,422)	-	(7,422)
Depreciation expense	5,579	-	-	(5,579)	-	(5,579)
Administrative:						
On-behalf payments - State	265,927	-	-	(265,927)	-	(265,927)
Total Governmental Activities	<u>2,890,699</u>	<u>-</u>	<u>1,601,299</u>	<u>(1,289,400)</u>	<u>-</u>	<u>(1,289,400)</u>
Business-Type Activities						
Registration fees	113,452	97,640	-	-	(15,812)	(15,812)
Depreciation	1,811	-	-	-	(1,811)	(1,811)
Total Business-Type Activities	<u>115,263</u>	<u>97,640</u>	<u>-</u>	<u>-</u>	<u>(17,623)</u>	<u>(17,623)</u>
Total Primary Government	<u>\$ 3,005,962</u>	<u>\$ 97,640</u>	<u>\$ 1,601,299</u>	<u>(1,289,400)</u>	<u>(17,623)</u>	<u>(1,307,023)</u>
General Revenues:						
Local sources				388,204	-	388,204
State sources				613,938	-	613,938
On-behalf payments				265,927	-	265,927
Investment earnings				27,072	10,698	37,770
Transfers				(120,343)	120,343	-
Total General Revenues, Special and Extraordinary Items and Transfers				<u>1,174,798</u>	<u>131,041</u>	<u>1,305,839</u>
Change in Net Assets				(114,602)	113,418	(1,184)
Net Assets - Beginning				<u>628,339</u>	<u>99,330</u>	<u>727,669</u>
Net Assets - Ending				<u>\$ 513,737</u>	<u>\$ 212,748</u>	<u>\$ 726,485</u>

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2007

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Assets:					
Cash and cash equivalent	\$ 291,346	\$ 188,522	\$ 123,108	\$ -	\$ 602,976
Due from other funds	35,719	-	-	(35,719)	-
Due from other governments					
State	-	1,606	-	-	1,606
Federal	-	76,451	-	-	76,451
Total Assets	\$ 327,065	\$ 266,579	\$ 123,108	\$ (35,719)	\$ 681,033
Liabilities:					
Accounts payable	\$ -	\$ 63,116	\$ -	\$ -	\$ 63,116
Payroll liabilities	-	52,859	-	-	52,859
Due to other funds	-	35,719	-	(35,719)	-
Due to other governments					
State	-	7,768	-	-	7,768
Federal	-	40,561	-	-	40,561
Deferred revenue	-	6,454	-	-	6,454
Total Liabilities	-	206,477	-	(35,719)	170,758
Fund Balances:					
Unreserved, reported in:					
General fund	327,065	60,102	-	-	387,167
Special revenue funds	-	-	123,108	-	123,108
Total Fund Balances	327,065	60,102	123,108	-	510,275
Total Liabilities and Fund Balances	\$ 327,065	\$ 266,579	\$ 123,108	\$ (35,719)	\$ 681,033

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Fund Balances—Total Governmental Funds \$ 510,275

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. 3,462

Net Assets of Governmental Activities \$ 513,737

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Revenues:					
Local sources	\$ 278,954	\$ 60,249	\$ 49,001	\$ -	\$ 388,204
State sources	94,309	957,637	8,320	-	1,060,266
State sources- payments made on behalf of region	265,927	-	-	-	265,927
Federal sources	-	1,154,971	-	-	1,154,971
Total Revenues	<u>639,190</u>	<u>2,172,857</u>	<u>57,321</u>	<u>-</u>	<u>2,869,368</u>
Expenditures:					
Instructional Services					
Current:					
Salaries and benefits	265,447	736,142	5,048	-	1,006,637
Purchased services	88,181	233,576	35,956	-	357,713
Supplies and materials	12,554	66,800	3,429	-	82,783
Capital outlay	-	602	-	-	602
Payments to other governments	-	1,164,638	-	-	1,164,638
Other objects	3,085	-	4,337	-	7,422
Payments made on behalf of region	265,927	-	-	-	265,927
Total Expenditures	<u>635,194</u>	<u>2,201,758</u>	<u>48,770</u>	<u>-</u>	<u>2,885,722</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,996</u>	<u>(28,901)</u>	<u>8,551</u>	<u>-</u>	<u>(16,354)</u>
Other Financing Sources (Uses):					
Transfers in	16,734	2,631	-	(18,637)	728
Transfers out	(114,005)	(22,134)	(3,569)	18,637	(121,071)
Interest	7,777	13,985	5,310	-	27,072
Total Other Financing Sources (Uses)	<u>(89,494)</u>	<u>(5,518)</u>	<u>1,741</u>	<u>-</u>	<u>(93,271)</u>
Net Change in Fund Balances	<u>(85,498)</u>	<u>(34,419)</u>	<u>10,292</u>	<u>-</u>	<u>(109,625)</u>
Fund Balances - Beginning	<u>412,563</u>	<u>94,521</u>	<u>112,816</u>	<u>-</u>	<u>619,900</u>
Fund Balances - Ending	<u>\$ 327,065</u>	<u>\$ 60,102</u>	<u>\$ 123,108</u>	<u>\$ -</u>	<u>\$ 510,275</u>

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2007

Net Change in Fund Balances—Total Governmental Funds \$ (109,625)

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	\$	602	
Depreciation expense		<u>(5,579)</u>	<u>(4,977)</u>

Change in Net Assets of Governmental Activities \$ (114,602)

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2007

	Business-Type Activities- Enterprise Funds	
	Local Workshops	Totals
Assets:		
Current Assets:		
Cash and cash equivalent	\$ 207,227	\$ 207,227
Due from other governments		
Local	1,900	1,900
Total Current Assets	209,127	209,127
Noncurrent Assets:		
Capital assets, being depreciated, net	3,621	3,621
Total Noncurrent Assets	3,621	3,621
Total Assets	212,748	212,748
Net Assets		
Invested in capital assets	3,621	3,621
Unrestricted	209,127	209,127
Total Net Assets	\$ 212,748	\$ 212,748

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities— Enterprise Funds	
	Local Workshops	Totals
Operating Revenues:		
Local sources	\$ 97,640	\$ 97,640
Total Operating Revenues	<u>97,640</u>	<u>97,640</u>
Operating expenses:		
Salaries and benefits	40,681	40,681
Purchased services	50,297	50,297
Supplies and materials	20,252	20,252
Dues and fees	2,222	2,222
Depreciation expense	1,811	1,811
Total Operating Expenses	<u>115,263</u>	<u>115,263</u>
Operating Income (Loss)	<u>(17,623)</u>	<u>(17,623)</u>
Nonoperating Revenues:		
Interest income	10,698	10,698
Total Nonoperating Revenue	<u>10,698</u>	<u>10,698</u>
Income (Loss) Before Contributions, Gains, Losses, and Transfers	(6,925)	(6,925)
Capital contributions		
Transfers in	121,071	121,071
Transfers (out)	<u>(728)</u>	<u>(728)</u>
Change in Net Assets	113,418	113,418
Total Net Assets - Beginning	<u>99,330</u>	<u>99,330</u>
Total Net Assets - Ending	<u>\$ 212,748</u>	<u>\$ 212,748</u>

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities- Enterprise Funds	
	Local	
	Workshops	Totals
Cash Flows From Operating Activities:		
Workshop receipts	\$ 102,180	\$ 102,180
Payments to providers of services	(74,030)	(74,030)
Payments to employees	(40,681)	(40,681)
Net Cash Provided by (Used for) Operating Activities	(12,531)	(12,531)
Cash Flows From Noncapital Financing Activities:		
Cash transfers from other funds	121,071	121,071
Cash transfers to other funds	(728)	(728)
Net Cash Provided by Noncapital Financing Activities	120,343	120,343
Cash Flows from Investing Activities:		
Interest received on investments	10,698	10,698
Net Cash Provided by Investing Activities	10,698	10,698
Net Increase in Cash and Cash Equivalent	118,510	118,510
Cash and cash equivalent - Beginning	88,717	88,717
Cash and cash equivalent - Ending	\$ 207,227	\$ 207,227
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (17,623)	\$ (17,623)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	1,811	1,811
Change in assets and liabilities:		
Decrease in accounts receivable	4,540	4,540
(Decrease) in accounts payable	(1,259)	(1,259)
Net Cash Provided by (Used for) Operating Activities	\$ (12,531)	\$ (12,531)

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2007

	<u>Agency Funds</u>
Assets	
Cash and cash equivalent	\$ 8,281
Due from other governments	<u>867,880</u>
Total Assets	<u><u>\$ 876,161</u></u>
Liabilities	
Accounts payable	\$ 2,056
Due to other governments	<u>874,105</u>
Total Liabilities	<u><u>\$ 876,161</u></u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2007, the Regional Office of Education #11 implemented Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Regional Office of Education #11 implemented this standard during the current year, however; it had no impact on the financial statements.

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

A. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #11's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or see that no payments are made unless the treasurer has filed or renewed the appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2007, the Regional Office of Education #11 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #11. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

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

The Regional Office of Education #11 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #11, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #11 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #11 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #11 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #11 being considered a component unit of the entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

D. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

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

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

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

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

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

G. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

Title V – Innovative Programs - This fund provides for participation in a Statewide full-service school project.

Other Federal Programs - This fund provides services and programs to non-title schools as well as student, family, and community support services to all school districts in the Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties – ROE #11's region on System of Support status. The fund also provides for the administrative costs for the direction of the program and grant management.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

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

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

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

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

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

PROPRIETARY FUND

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

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUND

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

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

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

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

H. NET ASSETS

Equity is classified as net assets and displayed in three components:

Invested in capital assets - Consists of capital assets, net of accumulated depreciation.

Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit.

J. INVENTORY

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

K. CAPITAL ASSETS

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

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

L. COMPENSATED ABSENCES

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

M. ESTIMATES

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

N. BUDGET INFORMATION

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #11 does not have a formal investment policy. The Regional Office of Education #11's is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

A. DEPOSITS

At June 30, 2007, the carrying amount of the Regional Office of Education #11's government-wide and Agency fund deposits were \$810,203 and \$8,281, respectively, and the bank balances were \$990,415 and \$107,269, respectively.

At June 30, 2007, \$226,169 of the Regional Office of Education #11's cash deposits was insured by the Federal Deposit Insurance Corporation. Another \$760,701 was collateralized by securities pledged by the Regional Office's financial institution on behalf of the Regional Office.

B. INVESTMENTS

The Regional Office of Education #11 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2007, the Regional Office of Education #11 had investments with carrying and fair value of \$110,814 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2007, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 3 - DEFINED BENEFIT PENSION PLAN

The Regional Office of Education #11's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Regional Office of Education #11 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 14.62 percent of payroll. The Regional Office of Education #11 contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

For December 31, 2006, the Regional Office of Education #11's annual pension cost of \$29,962 was equal to the Regional Office of Education #11's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

A. TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/06	29,962	100%	0
12/31/05	21,316	100%	0
12/31/04	42,154	100%	0
12/31/03	45,358	100%	0
12/31/02	63,965	100%	0
12/31/01	57,192	100%	0
12/31/00	55,836	100%	0
12/31/99	45,067	100%	0
12/31/98	36,942	100%	0
12/31/97	17,367	100%	0

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2007 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of the retirement plan. The Regional Office of Education #11 THIS Fund contribution was 0.6 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #11's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #11. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Regional Office of Education #11 recognized revenue and expenditures of \$60,971 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$42,833) and 11.76 percent (\$65,751), respectively.

The Regional Office of Education #11 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2007 were \$3,616. Contributions for the years ending June 30, 2006, and June 30, 2005, were \$3,519 and \$3,243, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education #11, there is a statutory requirement for the Regional Office of Education #11 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate for TRS. For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

For the year ended June 30, 2007, salaries totaling \$47,585 were paid from federal and trust funds that required employer contributions of \$4,654. For the years ended June 30, 2006, and June 30, 2005, required Regional Office of Education #11 contributions were \$5,009 and \$7,299, respectively.

- **Early retirement option.** The Regional Office of Education #11 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO). Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contributions is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For year end June 30, 2007, the Regional Office of Education #11 paid no employer contribution to TRS under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the Regional Office of Education #11 paid no employer ERO contributions, respectively.
- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS.

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

For the year ended June 30, 2007, the Regional Office of Education #11 paid no TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2006, the Regional Office of Education #11 paid no employer contributions due on salary increases in excess of 6 percent.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2007

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

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007).

For the year ended June 30, 2007, the Regional Office of Education #11 paid no employer contributions to TRS for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2006, the Regional Office of Education #11 paid no employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for June 30, 2007, is expected to be available in late 2007. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at trs.illinois.gov.

NOTE 5 - DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2007 consist of the following individual due to/from other funds in the governmental fund balance sheet and the proprietary fund Statement of Net Assets. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
County	Area IV - System of Support	<u>\$ 35,719</u>

NOTE 6 - INTERFUND ACTIVITY

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2007 consist of the following individual transfers in/out other funds in the governmental fund balance sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 6 - INTERFUND ACTIVITY (Concluded)

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Governmental Funds:	Governmental Funds:	
County	SAC Statewide Professional Development	\$ 7,038
County	Youth Services	5,000
County	Illinois Violence Prevention Authority	500
Youth Service	Direct Service	2,500
Direct Service	Institute	3,569
Direct Service	County	30
Governmental Funds:	Proprietary Fund:	
Area IV - System of Support	Local Workshops	131
County	Local Workshops	597
Proprietary Fund:	Governmental Funds:	
Local Workshops	Direct Service	2,500
Local Workshops	Area IV - System of Support	1,105
Local Workshops	Youth Services	5,000
Local Workshops	SAC Statewide Professional Development	3,491
Local Workshops	ROE/ISC Operations	108,975
Total		<u>\$ 140,436</u>

NOTE 7 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #11 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2007:

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 7 – CAPITAL ASSETS (Continued)

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Governmental Activities				
General Funds:				
Office Operating	\$ 60,792	\$ -	\$ 4,143	\$ 56,649
ROE/ISC Operations	4,801	-	-	4,801
Direct Services	141	-	-	141
Total for General Funds	<u>65,734</u>	<u>-</u>	<u>4,143</u>	<u>61,591</u>
Special Revenue Funds:				
General Education Development	400	-	-	400
Institute	265	-	-	265
Total for Special Revenue Funds	<u>665</u>	<u>-</u>	<u>-</u>	<u>665</u>
Education Funds:				
Regional Safe Schools	67,142	-	-	67,142
Youth Services	12,609	602	-	13,211
Title I - Reading First Part B SEA	3,998	-	-	3,998
Area IV - System of Support	3,156	-	-	3,156
Title II - Teacher Quality	890	-	-	890
Technology Enhancing Education	7,244	-	-	7,244
Total for Education Funds	<u>95,039</u>	<u>602</u>	<u>-</u>	<u>95,641</u>
Total - Governmental Activities	<u>161,438</u>	<u>602</u>	<u>4,143</u>	<u>157,897</u>
Less: Accumulated Depreciation	<u>152,999</u>	<u>5,579</u>	<u>4,143</u>	<u>154,435</u>
Investment in Capital Assets, Net				
Governmental Activities	<u>\$ 8,439</u>	<u>\$ (4,977)</u>	<u>\$ -</u>	<u>\$ 3,462</u>
	Balance			Balance
	July 1, 2006	Additions	Deletions	June 30, 2007
Business-Type Activities:				
Local Workshops	\$ 20,420	\$ -	\$ -	\$ 20,420
Total Business-Type Activities	20,420	-	-	20,420
Less: Accumulated Depreciation	14,988	1,811	-	16,799
Investment in Capital Assets, Net	<u>\$ 5,432</u>	<u>\$ (1,811)</u>	<u>\$ -</u>	<u>\$ 3,621</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 7 – CAPITAL ASSETS (Concluded)

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2007 of \$5,579 and \$1,811 was charged to governmental activities and business-type activities, respectively. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 8 - RISK MANAGEMENT

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

NOTE 9 – ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 88,540
Regional Superintendent Fringe Benefit (Includes State paid insurance)	18,033
Assistant Regional Superintendent Salary	79,686
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	18,697
TRS Pension contribution	<u>60,971</u>
Total	<u>\$ 265,927</u>

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

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments:

<u>Fiduciary Fund</u>	
Illinois State Board of Education	\$ 867,880
<u>Proprietary Fund</u>	
Local Governments	1,900
<u>Education Fund</u>	
Regional Office of Education #32	37,186
Illinois State Board of Education	<u>40,871</u>
Total	<u>\$ 947,837</u>

Due To Other Governments:

<u>Fiduciary Fund</u>	
Local School Districts	\$ 874,105
<u>Education Fund</u>	
Illinois State Board of Education	<u>48,329</u>
Total	<u>\$ 922,434</u>

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 11 – OPERATING LEASES

The Regional Office of Education #11 has entered into several operating lease agreements for its office facilities, Bridges Alternative School Program, Regional Safe Schools Program, a postage meter and two copiers. During the year ended June 30, 2007 rentals under lease obligations were \$73,764. Future minimum rentals are as follows for the years ending June 30:

2008	\$ 73,764
2009	60,402
2010	48,240
2011	47,520
2012	46,800
2013-2017	234,000
2018-2021	<u>159,900</u>
Total	<u>\$ 670,626</u>

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	601,742	629,027	27,285	95.66%	204,942	13.31%
12/31/05	541,092	562,995	21,903	96.11%	196,641	11.14%
12/31/04	478,419	541,658	63,239	88.32%	215,843	29.30%
12/31/03	491,088	540,779	49,691	90.81%	232,843	21.34%
12/31/02	518,042	510,298	(7,744)	101.52%	272,540	0.00%
12/31/01	373,015	459,020	86,005	81.26%	257,853	33.35%
12/31/00	258,514	405,075	146,561	63.82%	236,893	61.87%
12/31/99	270,741	438,985	168,244	61.67%	247,898	67.87%
12/31/98	192,961	407,710	214,749	47.33%	241,925	88.77%
12/31/97	228,909	358,256	129,347	63.90%	226,667	57.06%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$671,764.

On a market basis, the funded ratio would be 106.79%.

* Digest of changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study. The principal changes were:

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

SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

SUPPLEMENTAL INFORMATION

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2007

	<u>County</u>	<u>Direct Service</u>	<u>ROE/ISC Operations</u>	<u>TOTALS</u>
Assets				
Cash and cash equivalent	\$ 182,139	\$ 81,791	\$ 27,416	\$ 291,346
Due from other funds	35,719	-	-	35,719
Total Assets	\$ 217,858	\$ 81,791	\$ 27,416	\$ 327,065
Fund Balances				
Unreserved	\$ 217,858	\$ 81,791	\$ 27,416	\$ 327,065
Total Fund Balances	\$ 217,858	\$ 81,791	\$ 27,416	\$ 327,065

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2007

	County	Direct Service	ROE/ISC Operations	TOTALS
Revenues				
Local sources	\$ 265,909	\$ 13,045	\$ -	\$ 278,954
State sources	-	3,045	91,264	94,309
State sources-payments made of behalf of region	265,927	-	-	265,927
Total Revenues	531,836	16,090	91,264	639,190
Expenditures				
Salaries and benefits	176,012	-	89,435	265,447
Purchased services	57,714	29,471	996	88,181
Supplies and materials	12,554	-	-	12,554
Other objects	3,085	-	-	3,085
Payments made on behalf of region	265,927	-	-	265,927
Total Expenditures	515,292	29,471	90,431	635,194
Excess (Deficiency) of Revenues Over Expenditures	16,544	(13,381)	833	3,996
Other Financing Sources (Uses)				
Transfers in	13,135	3,599	-	16,734
Transfers out	(30)	(5,000)	(108,975)	(114,005)
Interest	6,821	20	936	7,777
Total Other Financing Sources (Uses)	19,926	(1,381)	(108,039)	(89,494)
Net Change in Fund Balances	36,470	(14,762)	(107,206)	(85,498)
Fund Balance - Beginning	181,388	96,553	134,622	412,563
Fund Balance - Ending	<u>\$ 217,858</u>	<u>\$ 81,791</u>	<u>\$ 27,416</u>	<u>\$ 327,065</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues			
State	\$ 91,264	\$ 91,264	\$ 91,264
Total Revenues	<u>91,264</u>	<u>91,264</u>	<u>91,264</u>
Expenditures			
Current:			
Salaries and benefits	90,346	90,412	89,435
Purchased services	918	852	996
Total Expenditures	<u>91,264</u>	<u>91,264</u>	<u>90,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>833</u>
Other Financing Sources (Uses)			
Transfer out	-	-	(108,975)
Interest	<u>-</u>	<u>-</u>	<u>936</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(108,039)</u>
Net Change in Fund Balance	-	-	(107,206)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>134,622</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,416</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2007

	Title IV - Safe & Drug Free School - Formula	Pathways	Illinois Violence Prevention Authority	SAC Statewide Professional Development
Assets				
Cash and cash equivalent	\$ -	\$ -	\$ 6,454	\$ 61,318
Due from other governments:				
State	-	-	-	-
Federal	-	-	-	40,561
Total Assets	\$ -	\$ -	\$ 6,454	\$ 101,879
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 53,550
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments:				
State	-	-	-	7,768
Federal	-	-	-	40,561
Deferred revenue	-	-	6,454	-
Total Liabilities	-	-	6,454	101,879
Fund Balances				
Unreserved	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 6,454	\$ 101,879

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2007

	Truants Alternative/ Optional Education	Regional Safe Schools	Youth Services	Title II - Teacher Quality
Assets				
Cash and cash equivalent	\$ 10,361	\$ 18,605	\$ 91,784	\$ -
Due from other governments:				
State	124	186	-	-
Federal	-	-	-	-
Total Assets	\$ 10,485	\$ 18,791	\$ 91,784	\$ -
Liabilities				
Accounts payable	\$ -	\$ -	\$ 9,566	\$ -
Payroll liabilities	10,485	18,791	23,583	-
Due to other funds	-	-	-	-
Due to other governments:				
State	-	-	-	-
Federal	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	10,485	18,791	33,149	-
Fund Balances				
Unreserved	-	-	58,635	-
Total Fund Balances	-	-	58,635	-
Total Liabilities and Fund Balances	\$ 10,485	\$ 18,791	\$ 91,784	\$ -

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2007

	Area IV - System of Support	Title V - Innovative Programs	Other Federal Programs	Total
Assets				
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ 188,522
Due from other governments:				
State	1,296	-	-	1,606
Federal	35,890	-	-	76,451
Total Assets	\$ 37,186	\$ -	\$ -	\$ 266,579
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 63,116
Payroll liabilities	-	-	-	52,859
Due to other funds	35,719	-	-	35,719
Due to other governments:				
State	-	-	-	7,768
Federal	-	-	-	40,561
Deferred revenue	-	-	-	6,454
Total Liabilities	35,719	-	-	206,477
Fund Balances				
Unreserved	1,467	-	-	60,102
Total Fund Balances	1,467	-	-	60,102
Total Liabilities and Fund Balances	\$ 37,186	\$ -	\$ -	\$ 266,579

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2007

	Title IV - Safe & Drug Free School - Formula	Pathways	Illinois Violence Prevention Authority	SAC Statewide Professional Development
Revenues				
Local sources	\$ -	\$ 41,350	\$ -	\$ 9,178
State sources	-	-	20,672	-
Federal sources	187	-	-	900,000
Total Revenues	187	41,350	20,672	909,178
Expenditures				
Salaries and benefits	-	-	15,582	1,997
Purchased services	189	-	3,515	1,950
Supplies and materials	-	-	1,395	1,549
Capital outlay	-	-	-	-
Payments to other governments	-	41,350	-	893,253
Total Expenditures	189	41,350	20,492	898,749
Excess (Deficiency) of Revenues Over Expenditures	(2)	-	180	10,429
Other Financing Sources (Uses):				
Transfer in	-	-	-	-
Transfer out	-	-	(500)	(10,529)
Interest	2	-	320	100
Total Other Financing Sources (Uses)	2	-	(180)	(10,429)
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2007

	Truants Alternative/ Optional Education	Regional Safe Schools	Youth Services	Title II - Teacher Quality
Revenues				
Local sources	\$ -	\$ -	\$ 9,721	\$ -
State sources	102,238	223,757	596,026	-
Federal sources	-	-	22,059	1,430
Total Revenues	102,238	223,757	627,806	1,430
Expenditures				
Salaries and benefits	97,056	219,889	297,377	-
Purchased services	5,369	4,495	95,273	1,435
Supplies and materials	-	-	37,116	-
Capital outlay	-	-	602	-
Payments to other governments	-	-	230,035	-
Total Expenditures	102,425	224,384	660,403	1,435
Excess (Deficiency) of Revenues Over Expenditures	(187)	(627)	(32,597)	(5)
Other Financing Sources (Uses):				
Transfer in	-	-	2,500	-
Transfer out	-	-	(10,000)	-
Interest	187	627	12,518	5
Total Other Financing Sources (Uses)	187	627	5,018	5
Net Change in Fund Balances	-	-	(27,579)	-
Fund Balances - Beginning	-	-	86,214	-
Fund Balances - Ending	\$ -	\$ -	\$ 58,635	\$ -

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2007

	Area IV - System of Support	Title V - Innovative Programs	Other Federal Programs	TOTAL
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 60,249
State sources	14,944	-	-	957,637
Federal sources	226,165	130	5,000	1,154,971
Total Revenues	241,109	130	5,000	2,172,857
Expenditures				
Salaries and benefits	104,241	-	-	736,142
Purchased services	120,797	132	421	233,576
Supplies and materials	22,073	-	4,667	66,800
Capital outlay	-	-	-	602
Payments to other governments	-	-	-	1,164,638
Total Expenditures	247,111	132	5,088	2,201,758
Excess (Deficiency) of Revenues Over Expenditures	(6,002)	(2)	(88)	(28,901)
Other Financing Sources (Uses):				
Transfer in	131	-	-	2,631
Transfer out	(1,105)	-	-	(22,134)
Interest	136	2	88	13,985
Total Other Financing Sources (Uses)	(838)	2	88	(5,518)
Net Change in Fund Balances	(6,840)	-	-	(34,419)
Fund Balances - Beginning	8,307	-	-	94,521
Fund Balances - Ending	\$ 1,467	\$ -	\$ -	\$ 60,102

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE IV - SAFE & DRUG FREE SCHOOL - FORMULA
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal	\$ 187	\$ 187	\$ 187
Total Revenues	<u>187</u>	<u>187</u>	<u>187</u>
Expenditures			
Purchased services	<u>187</u>	<u>187</u>	<u>189</u>
Total Expenditures	<u>187</u>	<u>187</u>	<u>189</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(2)</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2</u>
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 STANDARDS ALIGNED CLASSROOM
 STATEWIDE PROFESSIONAL DEVELOPMENT
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Local	\$ -	\$ -	\$ 9,178
Federal	900,000	900,000	900,000
Total Revenues	900,000	900,000	909,178
Expenditures			
Salaries and benefits	-	-	1,997
Purchased services	-	-	1,950
Supplies and materials	41,500	-	1,549
Payments to other governments	858,500	900,000	893,253
Total Expenditures	900,000	900,000	898,749
Excess (Deficiency) of Revenues Over Expenditures	-	-	10,429
Other Financing Sources (Uses)			
Transfer out	-	-	(10,529)
Interest	-	-	100
Total Other Financing Sources (Uses)	-	-	(10,429)
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TRUANT ALTERNATIVE / OPTIONAL EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State	\$ 102,114	\$ 102,114	\$ 102,238
Total Revenues	<u>102,114</u>	<u>102,114</u>	<u>102,238</u>
Expenditures			
Salaries and benefits	97,354	97,354	97,056
Purchased services	4,760	4,760	5,369
Total Expenditures	<u>102,114</u>	<u>102,114</u>	<u>102,425</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(187)</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>187</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>187</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State	\$ 223,571	\$ 223,571	\$ 223,757
Total Revenues	<u>223,571</u>	<u>223,571</u>	<u>223,757</u>
Expenditures			
Salaries and benefits	219,885	219,885	219,889
Purchased services	3,686	3,686	4,495
Total Expenditures	<u>223,571</u>	<u>223,571</u>	<u>224,384</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(627)</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>627</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>627</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II - TEACHER QUALITY
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal	\$ 1,430	\$ 1,430	\$ 1,430
Total Revenues	1,430	1,430	1,430
Expenditures			
Purchased services	1,430	1,430	1,435
Total Expenditures	1,430	1,430	1,435
Excess (Deficiency) of Revenues Over Expenditures	-	-	(5)
Other Financing Sources (Uses)			
Interest	-	-	5
Total Other Financing Sources (Uses)	-	-	5
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 AREA IV - SYSTEM OF SUPPORT
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State	\$ -	\$ -	\$ 14,944
Federal	214,677	257,342	226,165
Total Revenues	<u>214,677</u>	<u>257,342</u>	<u>241,109</u>
Expenditures			
Salaries and benefits	100,532	100,289	104,241
Purchased services	93,145	126,430	120,797
Supplies and materials	21,000	30,623	22,073
Total Expenditures	<u>214,677</u>	<u>257,342</u>	<u>247,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(6,002)</u>
Other Financing Sources (Uses)			
Transfer in	-	-	131
Transfer out	-	-	(1,105)
Interest	-	-	136
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(838)</u>
Net Change in Fund Balance	-	-	(6,840)
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>8,307</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,467</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE V - INNOVATIVE PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal	\$ 130	\$ 130	\$ 130
Total Revenues	130	130	130
Expenditures			
Purchased services	130	130	132
Total Expenditures	130	130	132
Excess (Deficiency) of Revenues Over Expenditures	-	-	(2)
Other Financing Sources (Uses)			
Interest	-	-	2
Total Other Financing Sources (Uses)	-	-	2
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 OTHER FEDERAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal	\$ 5,000	\$ 5,000	\$ 5,000
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Expenditures			
Purchased services	3,500	3,500	421
Supplies and materials	<u>1,500</u>	<u>1,500</u>	<u>4,667</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,088</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(88)</u>
Other Financing Sources (Uses)			
Interest	<u>-</u>	<u>-</u>	<u>88</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>88</u>
Net Change in Fund Balance	-	-	-
Fund Balance -Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2007

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>TOTALS</u>
Assets					
Cash and cash equivalent	\$ 102,360	\$ 9,388	\$ 8,556	\$ 2,804	\$ 123,108
Total Assets	<u>\$ 102,360</u>	<u>\$ 9,388</u>	<u>\$ 8,556</u>	<u>\$ 2,804</u>	<u>\$ 123,108</u>
Fund Balances					
Unreserved	\$ 102,360	\$ 9,388	\$ 8,556	\$ 2,804	\$ 123,108
Total Fund Balances	<u>\$ 102,360</u>	<u>\$ 9,388</u>	<u>\$ 8,556</u>	<u>\$ 2,804</u>	<u>\$ 123,108</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
Revenues					
Local sources	\$ 35,666	\$ 10,967	\$ 2,368	\$ -	\$ 49,001
State sources	-	-	1,320	7,000	8,320
Total Revenues	35,666	10,967	3,688	7,000	57,321
Expenditures					
Salaries and benefits	-	5,048	-	-	5,048
Purchased services	20,015	5,281	3,376	7,284	35,956
Supplies and materials	1,537	1,735	157	-	3,429
Other objects	4,272	65	-	-	4,337
Total Expenditures	25,824	12,129	3,533	7,284	48,770
Excess (Deficiency) of Revenues Over Expenditures	9,842	(1,162)	155	(284)	8,551
Other Financing Sources (Uses)					
Transfer out	(3,569)	-	-	-	(3,569)
Interest	4,258	438	387	227	5,310
Total Other Financing Sources (Uses)	689	438	387	227	1,741
Net Change in Fund Balances	10,531	(724)	542	(57)	10,292
Fund Balances - Beginning	91,829	10,112	8,014	2,861	112,816
Fund Balances - Ending	\$ 102,360	\$ 9,388	\$ 8,556	\$ 2,804	\$ 123,108

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2007

	Distributive	Regional Trustee Fund	TOTALS
Assets			
Cash and cash equivalent	\$ 6,225	\$ 2,056	\$ 8,281
Due from other governments	867,880	-	867,880
Total Assets	\$ 874,105	\$ 2,056	\$ 876,161
Liabilities			
Accounts payable	\$ -	\$ 2,056	\$ 2,056
Due to other governments	874,105	-	874,105
Total Liabilities	\$ 874,105	\$ 2,056	\$ 876,161

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>DISTRIBUTIVE</u>				
Assets				
Cash and cash equivalent	\$ -	\$ 70,640,885	\$ 70,634,660	\$ 6,225
Due from other governments	3,108,239	867,880	3,108,239	867,880
Total Assets	<u>\$ 3,108,239</u>	<u>\$ 71,508,765</u>	<u>\$ 73,742,899</u>	<u>\$ 874,105</u>
Liabilities				
Due to other governments	\$ 3,108,239	\$ 71,508,765	\$ 73,742,899	\$ 874,105
Total Liabilities	<u>\$ 3,108,239</u>	<u>\$ 71,508,765</u>	<u>\$ 73,742,899</u>	<u>\$ 874,105</u>
<u>REGIONAL TRUSTEE FUND</u>				
Assets				
Cash and cash equivalent	\$ 188	\$ 3,500	\$ 1,632	\$ 2,056
Total Assets	<u>\$ 188</u>	<u>\$ 3,500</u>	<u>\$ 1,632</u>	<u>\$ 2,056</u>
Liabilities				
Accounts payable	\$ 188	\$ 3,500	\$ 1,632	\$ 2,056
Total Liabilities	<u>\$ 188</u>	<u>\$ 3,500</u>	<u>\$ 1,632</u>	<u>\$ 2,056</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalent	\$ 188	\$ 70,644,385	\$ 70,636,292	\$ 8,281
Due from other governments	3,108,239	867,880	3,108,239	867,880
Total Assets	<u>\$ 3,108,427</u>	<u>\$ 71,512,265</u>	<u>\$ 73,744,531</u>	<u>\$ 876,161</u>
Liabilities				
Accounts payable	\$ 188	\$ 3,500	\$ 1,632	\$ 2,056
Due to other governments	3,108,239	71,508,765	73,742,899	874,105
Total Liabilities	<u>\$ 3,108,427</u>	<u>\$ 71,512,265</u>	<u>\$ 73,744,531</u>	<u>\$ 876,161</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
 YEAR ENDED JUNE 30, 2007

	Marshall CUSD #C-2	Martinsville CUSD #C-3	Casey Westfield CUSD #C-4	Mattoon CUSD #2	Oakland CUSD #5	Neoga CUSD #3	Cumberland CUSD #77	Arthur CUSD #305	Arcola CUSD #306	Shiloh CUSD #1
ADA Safety & Educational Block Grant	\$ 54,216	\$ 14,625	\$ 43,154	\$ 119,597	\$ 13,706	\$ 31,020	\$ 38,966	\$ 17,573	\$ 26,800	\$ 16,950
Bilingual Ed - Downstate - TPI & TBE	-	-	-	2,341	-	-	-	-	-	-
Commodity Credit	210	62	194	532	47	134	211	73	84	79
Driver Education	16,317	4,772	12,282	39,737	4,743	11,875	19,088	7,561	8,283	4,831
Early Childhood - Block Grant	-	-	-	2,988,743	-	-	-	-	-	164,020
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	1,072	548	-	45	-	1,613	1,170	2,359	384	307
General State Aid - Hold Harmless/Supplemental	-	-	-	-	-	192,040	-	153,868	-	-
General State Aid - Sec. 18-8	5,238,094	1,441,649	4,338,984	9,108,222	1,192,535	2,040,295	4,037,688	891,538	1,973,961	828,683
Hurricane Education Relief Act	-	-	-	-	-	-	-	-	-	-
IASA - Even Start	-	-	-	75,000	-	-	-	-	-	-
IASA - Title I - Comprehensive School Reform	-	-	-	-	-	-	-	-	-	-
IASA - Title I - Low Income	208,796	63,888	255,439	852,649	172,728	63,212	215,873	214,649	96,274	182,482
IASA - Title I - Migrant Education	-	-	-	-	-	-	-	-	33,781	-
I-KAN Technology Enhancing Educ	-	-	-	-	-	-	-	-	-	121,744
National Board Certification Initiatives	6,000	-	-	-	-	-	-	-	-	-
National School Lunch Program	134,050	50,585	159,796	468,691	35,520	94,161	120,639	37,996	68,950	79,696
Other Federal Programs	-	-	-	-	-	-	-	-	-	-
Other Restricted Grant-In-Aid from State Sources	-	-	500,388	-	-	-	-	-	-	-
Reading Improvement Block Grant	47,399	12,875	44,272	126,269	17,333	23,905	36,201	24,250	24,380	21,144
Regional Safe Schools	-	-	-	-	-	-	-	-	-	-
Reorganization Feasibility Study	-	-	-	-	-	-	-	-	-	-
ROE School Bus Driver Training	-	-	-	-	-	-	-	-	-	-
ROE/ISC Operations	-	-	-	-	-	-	-	-	-	-
School Breakfast Incentive	1,100	189	294	772	16	14,000	-	12	179	115
School Breakfast Program	22,649	15,056	44,874	139,043	6,085	31,998	-	5,275	14,310	25,074
Sp. Ed. - Extraordinary	167,151	48,836	136,846	432,621	29,446	207,775	158,530	45,373	45,007	26,672
Sp. Ed. - Orphanage - Individual	11,381	-	8,771	62,170	-	7,449	-	-	-	16,883
Sp. Ed. - Orphanage - Summer Individual	-	-	-	-	-	-	-	-	-	-
Sp. Ed. - Personnel	198,322	29,164	201,907	879,824	46,012	76,467	136,104	69,808	83,897	96,463
Sp. Ed. - Private Facility Tuition	53,798	-	7,525	16,604	-	4,952	-	-	-	-
Sp. Ed. - Summer School	-	-	800	-	-	-	-	-	-	-
Special Milk Program	-	-	-	-	-	-	-	-	-	-
State Free Lunch & Breakfast	6,190	2,761	8,627	27,671	1,612	5,158	4,007	1,244	3,432	4,388
Supervisory Expense	-	-	-	-	-	-	-	-	-	-
Technology Enhancing Education - Formula	2,135	2,035	2,928	10,570	2,442	832	6,712	2,132	-	1,080
Technology Revolving Loan	-	-	80,050	-	-	-	-	44,350	-	-
Temporary Relocation Loan	-	-	198,247	-	-	-	-	-	-	-
Title I - School Improvement	-	-	-	-	-	-	-	-	-	-
Title II - Teacher Quality	54,613	24,282	69,038	175,892	17,488	44,076	57,798	68,530	27,105	46,141
Title IV - Safe & Drug Free Schools - Formula	5,093	1,569	5,406	14,602	3,918	4,170	4,432	3,341	2,477	4,682
Title V - Innovative Programs - Formula	2,408	659	2,374	73,697	18,186	876	1,630	760	1,005	4,190
Transportation - Regular & Vocational	407,399	194,687	359,069	601,039	181,605	194,091	409,189	160,464	112,232	187,416
Transportation - Special Education	168,646	59,201	169,578	382,092	76,498	129,323	157,396	75,060	160,210	90,611
Truants Alternative/Operational Ed.	-	-	-	-	-	-	-	-	-	-
Total	\$ 6,807,039	\$ 1,967,443	\$ 6,650,843	\$ 16,598,423	\$ 1,819,920	\$ 3,179,422	\$ 5,405,634	\$ 1,826,216	\$ 2,682,751	\$ 1,923,651

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
 YEAR ENDED JUNE 30, 2007

	Kansas CUSD #3	Paris Crestwood CUSD #4	Edgar County CUSD #6	Lovington CUSD #303	Cowden Herrick CUSD #3A	Shelbyville CUSD #4	Tuscola CUSD #301	Casey - Westfield Elementary	Youth Service and Bridges	ROE #11 State Distributive	Total
ADA Safety & Educational Block Grant	\$ 10,069	\$ 29,019	\$ 14,746	\$ 11,555	\$ 17,985	\$ 48,616	\$ -	\$ 34,528	\$ -	\$ -	\$ 543,125
Bilingual Ed. - Downstate - TPI & TBE	-	-	-	-	-	-	-	-	-	-	2,341
Commodity Credit	27	79	63	40	71	160	-	154	12	-	2,232
Driver Education	3,335	8,115	3,387	3,995	5,388	9,719	4,094	6,590	-	-	174,112
Early Childhood - Block Grant	-	-	-	-	-	-	-	86,382	-	-	3,239,145
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	290	962	-	123	500	383	-	-	-	-	9,756
General State Aid - Hold Harmless/Supplemental	-	-	-	-	-	-	-	-	-	-	345,908
General State Aid - Sec. 18-8	771,526	2,172,914	1,161,000	833,443	2,088,680	4,172,034	-	2,962,042	364,686	224,935	45,842,909
Hurricane Education Relief Act	-	-	-	-	-	570	-	-	-	-	570
IASA - Even Start	-	-	-	-	-	-	-	-	-	-	75,000
IASA - Title I - Comprehensive School Reform	-	-	14,958	-	-	-	-	-	-	-	14,958
IASA - Title I - Low Income	95,975	58,278	55,663	51,328	105,836	101,374	-	129,319	-	-	2,923,763
IASA - Title I - Migrant Education	-	-	-	-	-	-	-	-	-	-	33,781
I-KAN Technology Enhancing Educ	-	-	-	-	-	-	-	-	-	-	121,744
National Board Certification Initiatives	-	4,000	-	-	-	-	-	-	-	-	10,000
National School Lunch Program	28,523	46,370	40,329	37,539	65,675	132,651	-	81,858	13,833	-	1,696,862
Other Federal Programs	-	-	-	-	-	-	-	-	-	5,000	5,000
Other Restricted Grant-In-Aid from State Sources	-	-	-	-	-	-	-	-	-	-	500,388
Reading Improvement Block Grant	10,652	20,712	13,585	8,737	16,910	36,875	-	29,913	-	-	515,412
Regional Safe Schools	-	-	-	-	-	-	-	-	223,571	-	223,571
Reorganization Feasibility Study	-	-	-	-	-	-	-	-	-	7,500	7,500
ROE School Bus Driver Training	-	-	-	-	-	-	-	-	-	1,320	1,320
ROE/ISC Operations	-	-	-	-	-	-	-	-	-	91,264	91,264
School Breakfast Incentive	50	-	178	-	105	109	-	86	120	-	17,325
School Breakfast Program	9,757	-	24,152	4,227	16,065	34,246	5,145	16,858	8,214	-	423,028
Sp. Ed. - Extraordinary	16,948	63,724	17,844	47,384	64,741	109,349	-	80,242	-	-	1,698,489
Sp. Ed. - Orphanage - Individual	3,491	26,939	-	37,863	4,091	-	-	1,043,357	-	-	1,222,395
Sp. Ed. - Orphanage - Summer Individual	-	-	-	-	-	-	-	38,917	-	-	38,917
Sp. Ed. - Personnel	25,808	88,146	52,200	61,453	50,687	292,146	-	1,803	-	-	2,390,211
Sp. Ed. - Private Facility Tuition	-	-	-	-	-	7,562	3,162	-	-	-	93,603
Sp. Ed. - Summer School	583	-	-	-	-	-	-	-	-	-	1,383
Special Milk Program	-	-	-	-	-	-	-	348	-	-	348
State Free Lunch & Breakfast	1,540	1,418	2,651	1,618	3,424	7,153	-	3,454	1,177	-	87,525
Supervisory Expense	-	-	-	-	-	-	-	-	-	7,000	7,000
Technology Enhancing Education - Formula	910	680	565	294	951	-	-	1,176	-	-	35,442
Technology Revolving Loan	-	-	-	-	-	-	-	-	-	-	124,400
Temporary Relocation Loan	-	-	-	-	-	-	-	-	-	-	198,247
Title I - School Improvement	-	-	-	-	-	-	-	-	-	900,000	900,000
Title II - Teacher Quality	9,957	32,868	18,863	18,013	16,778	49,080	-	38,515	1,430	-	770,467
Title IV - Safe & Drug Free Schools - Formula	807	2,199	1,350	1,866	1,649	2,320	-	3,098	187	-	63,166
Title V - Innovative Programs - Formula	574	1,150	663	668	427	1,980	-	2,401	130	-	113,778
Transportation - Regular & Vocational	56,089	325,050	119,410	99,066	116,333	220,312	-	215,066	-	-	3,958,517
Transportation - Special Education	12,481	66,415	66,374	106,585	133,310	117,979	-	35,885	-	-	2,007,644
Truants Alternative/Operational Ed.	-	-	-	-	-	-	-	-	102,114	-	102,114
Total	\$ 1,059,392	\$ 2,949,038	\$ 1,607,981	\$ 1,325,797	\$ 2,709,606	\$ 5,344,618	\$ 12,401	\$ 4,811,992	\$ 715,474	\$ 1,237,019	\$ 70,634,660

FEDERAL COMPLIANCE

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE, AND SHELBY COUNTIES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/06-6/30/07</u>
U.S. Department of Agriculture passed through			
Illinois State Board of Education			
School Breakfast Program	10.553	06-4220-00	\$ 1,121
School Breakfast Program	10.553	07-4220-00	<u>7,093</u>
Total School Breakfast Program			<u>8,214</u>
National School Lunch Program	10.555	04-4210-00	1,953
National School Lunch Program	10.555	07-4210-00	<u>11,880</u>
Total National School Lunch Program			<u>13,833</u>
Child Nutrition Commodity/Salvage	10.550	07-4250-00	<u>12</u>
Total U.S. Department of Agriculture passed through Illinois State Board of Education		Total	<u>22,059</u>
U.S. Department of Education passed through			
Illinois State Board of Education			
ELL English	84.365A	07-4999-PD	5,000
Title V - Innovative Programs	84.298A	07-4100-00	130
Title IV - Safe and Drug Free School - Formula	84.186A	07-4400-00	<u>187</u>
Total U.S. Department of Education passed through Illinois State Board of Education			<u>5,317</u>
U.S. Department of Education CFDA #84.010A			
Passed through Illinois State Board of Education			
Standards Aligned Classroom Statewide Professional Development	84.010A	07-4331-00	900,000
Passed through Regional Office of Education #32			
Title I - School Improvement & Accountability	84.010A	07-4331-SS	<u>214,049</u>
Total U.S. Department of Education CFDA #84.010A		Total	<u>1,114,049 (M)</u>
U.S. Department of Education CFDA #84.367A			
Passed through Regional Office of Education #32			
Title II - Teacher Quality	84.367A	07-4935-SS	12,116
Passed through Illinois State Board of Education			
Title II - Teacher Quality	84.367A	07-4932-00	<u>1,430</u>
Total U.S. Department of Education CFDA #84.367A.		Total	<u>13,546</u>
Total Expenditures of Federal Awards			<u>\$ 1,154,971</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR,
MOULTRIE, AND SHELBY COUNTIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #11 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

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

Program Title: Standards Aligned Classroom Statewide Professional Development
Federal CFDA #: 84.010A
Amount provided to subrecipients: \$ 893,253

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

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

NOTE 4 - NON-CASH ASSISTANCE

NONE

NOTE 5 - AMOUNT OF INSURANCE

NONE

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

NONE