

State of Illinois
REGIONAL OFFICE OF EDUCATION #12
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 Auditor General, State of Illinois

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

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**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

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REGIONAL OFFICE OF EDUCATION #12

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REGIONAL OFFICE OF EDUCATION #12**

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**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

OFFICIALS

Regional Superintendent
(current and during the audit period)Mrs. Carol Steinman

Assistant Regional Superintendent
(July 3, 2006 through December 15, 2006 and July 2, 2007 through current)Mr. Phil Rogers
(January 2, 2007 through June 15, 2007)Mr. Larry Miller

Offices are located at:

Clay County Courthouse
Louisville, IL 62858

301 South Cross
Robinson, IL 62454

204 West Washington, Suite 3
Newton, IL 62448

1100 State Street
Lawrenceville, IL 62439

Richland County Courthouse
Olney, IL 62450

231 S. Main
Louisville, IL 62858

REGIONAL OFFICE OF EDUCATION #12

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

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

There were no findings for the year ended June 30, 2007.

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2007.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

06-01	14	Controls Over Compliance with Laws and Regulations
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

EXIT CONFERENCE

An informal exit conference was held on August 23, 2007. Attending were Carol Steinman, Regional Superintendent and Crystal Smith, accountant of Regional Office of Education #12 and D. Raif Perry, CPA, Heather Wolke, CPA, and Theresa Schumacher, staff accountant of West and Company, LLC.

FINANCIAL STATEMENT REPORT

Financial Presentation Examined

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

The financial statement report is comprised of the following:

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

Auditors' Reports

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

Findings and Recommendations

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

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

Financial Statements

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

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

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the agency's basic financial statements.

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT

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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12, as of and for the year ended June 30, 2007, which collectively comprise the Regional Office of Education #12's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12, as of June 30, 2007, and the respective changes in financial position 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 26, 2008 on our consideration of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12'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 15A through 15F and 42 are not a required part 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 Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 – Distributive Fund, 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.

West + Company, LLC

March 26, 2008

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
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**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, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12, as of and for the year ended June 30, 2007, which collectively comprise the Regional Office of Education #12's basic financial statements and have issued our report thereon dated March 26, 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 Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12'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 but not for the purpose of expressing an opinion on the effectiveness of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's internal control over financial reporting.

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.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

West + Company, LLC

March 26, 2008

WEST & COMPANY, LLC

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12 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 Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's management. Our responsibility is to express an opinion on the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12'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 Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's compliance with those requirements.

In our opinion, the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12 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 Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12 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 Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12'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 Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's internal control over compliance.

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.

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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

West + Company, LLC

March 26, 2008

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007

Section I - Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified?

_____ yes X no

- Significant deficiency(ies) identified that
are not considered to be material
weakness(es)?

_____ yes X none reported

Noncompliance material to financial
statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?

_____ yes X no

- Significant deficiency(ies) identified that
are not considered to be material
material weakness(es)?

_____ yes X none reported

Type of auditors' report issued on compliance for major programs:

UNQUALIFIED

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

_____ yes X no

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007

Section I - Summary of Auditors' Results (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.186A	Title IV Safe & Drug Free - State Level Program

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

Auditee qualified as a low-risk auditee? X yes no

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007**

Section II: Financial Statement Findings

No findings were noted for the year ended June 30, 2007.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007**

Section III: Federal Award Findings

No findings were noted for the year ended June 30, 2007.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2007**

<u>Finding number</u>	<u>Condition</u>	<u>Current Status</u>
06-01	Control Over Compliance with Laws and Regulations	
	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11.	Resolved.
	B. Failure to present a report of all her acts including a list of all schools visited and dates of visitation to the county board meetings.	Finding was not repeated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

The Regional Office of Education #12 for the Counties of Clay, Crawford, Jasper, Lawrence and Richland 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 that follow.

2007 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$79,817 from \$754,029 in fiscal year 2006 to \$833,846 in fiscal year 2007. Revenues from state sources and on-behalf payments both increased. General Fund expenditures decreased by \$18,524 from \$845,524 in FY06 to \$827,000 in FY07. Salaries and benefits and purchased services decreased while on-behalf payments increased.
- Within the Governmental Funds, the Special Revenue Funds revenue increased by \$345,386 from \$1,937,872 in FY06 to \$2,283,258 in FY07. The Special Revenue Funds expenditures increased by \$240,784 from \$2,055,777 in FY06 to \$2,296,561 in FY07. A large part of the increase in both revenue and expenditures was due to the receipt of an additional Early Childhood grant in FY07.

Using This Report

This 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.
- 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.

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 #12 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

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 non-funded mandates need to be considered.

The Government-wide financial statements present all of the Office's activities as governmental activities. Local, state and federal monies finance most of these activities.

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. 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 #12 established other funds to control and manage money for particular purposes.

The Office has two kinds of funds:

1. Governmental funds account for all of the Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Office's Governmental Funds include: the General Fund and the Special Revenue Funds.

The governmental funds' required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. Fiduciary funds are used to account for assets held by the Regional Office of Education #12 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 operation.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Assets.

A summary reconciliation between the Government-wide financial statements and the fund financial statements follows the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY07 totaled \$781,402. At the end of FY06, the net assets were \$811,448. The analysis that follows provides a summary of the Office's governmental net assets at June 30, 2007 and 2006.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 790,383	\$ 757,579	\$ 790,383	\$ 757,579
Noncurrent assets				
Capital assets, net	<u>72,368</u>	<u>95,957</u>	<u>72,368</u>	<u>95,957</u>
Total assets	<u>862,751</u>	<u>853,536</u>	<u>862,751</u>	<u>853,536</u>
Current liabilities	<u>81,349</u>	<u>42,088</u>	<u>81,349</u>	<u>42,088</u>
Total liabilities	<u>81,349</u>	<u>42,088</u>	<u>81,349</u>	<u>42,088</u>
Net assets:				
Invested in capital assets	72,368	95,957	72,368	95,957
Restricted for teacher				
professional development	92,886	101,445	92,886	101,445
Unrestricted	<u>616,148</u>	<u>614,046</u>	<u>616,148</u>	<u>614,046</u>
Total net assets	<u>\$ 781,402</u>	<u>\$ 811,448</u>	<u>\$ 781,402</u>	<u>\$ 811,448</u>

The Regional Office of Education #12's net assets decreased by \$30,046 from FY06. The decrease occurred primarily as a result of increases in salaries and benefits and purchased services expenditures. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the years ended June 30, 2007 and 2006.

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 2,314,799	\$ 1,943,531	\$ 2,314,799	\$ 1,943,531
General revenues:				
Local sources	515,886	531,794	515,886	531,794
On-behalf payments	260,878	194,031	260,878	194,031
Interest	25,541	22,545	25,541	22,545
Total revenues	<u>3,117,104</u>	<u>2,691,901</u>	<u>3,117,104</u>	<u>2,691,901</u>
Expenses:				
Programs expenses:				
Salaries and benefits	1,603,041	1,518,337	1,603,041	1,518,337
Purchased services	908,341	879,147	908,341	879,147
Supplies and materials	257,134	255,550	257,134	255,550
Capital outlay	-	-	-	-
Other objects	49,740	25,497	49,740	25,497
Payments to other governments	26,971	1,071	26,971	1,071
Depreciation	41,045	50,804	41,045	50,804
Administrative expenses:				
On-behalf payments - state	260,878	194,031	260,878	194,031
Total expenses	<u>3,147,150</u>	<u>2,924,437</u>	<u>3,147,150</u>	<u>2,924,437</u>
Changes in net assets	(30,046)	(232,536)	(30,046)	(232,536)
Net assets, beginning of year	<u>811,448</u>	<u>1,043,984</u>	<u>811,448</u>	<u>1,043,984</u>
Net assets, end of year	<u>\$ 781,402</u>	<u>\$ 811,448</u>	<u>\$ 781,402</u>	<u>\$ 811,448</u>

Governmental Activities

Revenues for governmental activities were \$3,117,104 and expenditures were \$3,147,150. The Regional Office of Education #12 experienced an increase in revenues during FY07. New funding from an additional Early Childhood grant and increases in various other grants were the main reasons for this increase. The Regional Office has worked diligently to reduce expenditures during the last fiscal year. However, an overall increase in expenditures caused net assets to be further reduced. The Regional Office of Education #12 has experienced a steady decline in the number of staff over the past few years. This reduction is beginning to have a detrimental effect on the ability of the Regional Office to serve local districts. Management will continue efforts to reduce expenditures without compromising the level of services provided.

Financial Analysis of the Regional Office of Education #12 Funds

As previously noted, the Regional Office of Education #12 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Office's Governmental Funds reported combined fund balances of \$709,034 in FY07 and \$715,491 in FY06. The primary reason for the decrease in combined fund balances in FY07 was the increase in salaries and benefits and purchased services expenditures.

Governmental Fund Highlights:

- New funding from the Early Childhood-Preschool for All Grant has had a positive effect on operations.
- Increased funding was received for both the Truant Alternative/Optional Education Program and the Regional Safe Schools Program.
- The delay in some grant funding payments continues to be a financial hardship.
- The Regional Office of Education #12 greatly reduced expenditures for the Truant Alternative/Optional Education and Regional Safe Schools Programs.

Budgetary Highlights:

The ROE #12 annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the ROE #12 amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and state sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the ROE's actual financial activity is included in the supplementary information section of this report on page 47 and pages 54 through 60.

Capital Assets

Capital Assets of the Regional Office of Education #12 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #12 maintains an inventory of capital assets that has accumulated over time. The increase for FY07 was \$17,456 which came as a result of funding for the purchase of equipment provided to the Regional Office of Education #12. No assets were disposed of during this fiscal year. In addition, the Regional Office of Education #12 has adopted a depreciation schedule that reflects the level of capital assets, net depreciation.

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 General State Aid has increased to \$5,734 per student.
- Additional funding will be received in FY08 for the Truant Alternative/Optional Education Program and the Early Childhood Preschool for All Program.
- FY08 funding for Safe and Drug Free Schools will be reduced by 31%.
- Several grants have remained near or at previous levels while costs such as wages, insurance and travel continue to increase.
- County Board support of the Regional Office of Education #12 for the year ended June 30, 2008 will increase slightly over the FY07 level.

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 #12, 103 W. Main Street, Olney, IL 62450.

BASIC FINANCIAL STATEMENTS

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**STATEMENT OF NET ASSETS
June 30, 2007**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 723,435
Due from other governments	<u>66,948</u>
Total current assets	790,383
Noncurrent assets:	
Capital assets, net	<u>72,368</u>
Total assets	<u>862,751</u>
LIABILITIES	
Current liabilities:	
Accounts payable	48,911
Deferred revenue	<u>32,438</u>
Total liabilities	<u>81,349</u>
NET ASSETS	
Invested in capital assets	72,368
Restricted for teacher professional development	92,886
Unrestricted	<u>616,148</u>
Total net assets	<u><u>\$ 781,402</u></u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2007**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expenses) Revenue and Changes in Net Assets</u> Governmental Activities
Governmental Activities:			
Instructional services:			
Salaries and benefits	\$ 1,603,041	\$ 1,341,221	\$ (261,820)
Purchased services	908,341	655,433	(252,908)
Supplies and materials	257,134	235,157	(21,977)
Capital outlay	-	11,915	11,915
Payments to other governments	26,971	25,176	(1,795)
Other objects	49,740	45,897	(3,843)
Depreciation	41,045	-	(41,045)
Administrative:			
On-behalf payments	<u>260,878</u>	<u>-</u>	<u>(260,878)</u>
 Total governmental activities	 <u>\$ 3,147,150</u>	 <u>\$ 2,314,799</u>	 <u>(832,351)</u>
 General revenues:			
Local sources			515,886
On-behalf payments			260,878
Interest			<u>25,541</u>
Total general revenues			<u>802,305</u>
Change in net assets			(30,046)
Net assets - beginning			<u>811,448</u>
Net assets - ending			<u>\$ 781,402</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>
ASSETS			
Cash and cash equivalents	\$ 270,923	\$ 346,561	\$ 92,886
Due from other funds	623	-	-
Due from other governments	-	66,948	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 271,546</u>	<u>\$ 413,509</u>	<u>\$ 92,886</u>
LIABILITIES			
Accounts payable	\$ 6,240	\$ 42,545	\$ -
Due to other funds	-	623	-
Deferred revenue	-	31,930	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>6,240</u>	<u>75,098</u>	<u>-</u>
FUND BALANCES			
Unreserved, reported in:			
General fund	265,306	-	-
Special revenue funds	-	338,411	92,886
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>265,306</u>	<u>338,411</u>	<u>92,886</u>
Total liabilities and fund balances	<u>\$ 271,546</u>	<u>\$ 413,509</u>	<u>\$ 92,886</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
June 30, 2007**

	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 13,065	\$ 723,435
Due from other funds	-	623
Due from other governments	-	66,948
	<u> </u>	<u> </u>
Total assets	<u>\$ 13,065</u>	<u>\$ 791,006</u>
LIABILITIES		
Accounts payable	\$ 126	\$ 48,911
Due to other funds	-	623
Deferred revenue	508	32,438
	<u> </u>	<u> </u>
Total liabilities	<u>634</u>	<u>81,972</u>
FUND BALANCES		
Unreserved, reported in:		
General fund	-	265,306
Special revenue funds	12,431	443,728
	<u> </u>	<u> </u>
Total fund balances	<u>12,431</u>	<u>709,034</u>
Total liabilities and fund balances	<u>\$ 13,065</u>	<u>\$ 791,006</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007**

Total fund balances-governmental funds	\$ 709,034
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>72,368</u>
Net assets of governmental activities	<u>\$ 781,402</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2007**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>
Revenues:			
Local sources	\$ 477,813	\$ 11,486	\$ 15,046
State sources	73,785	1,731,519	-
Federal sources	-	503,895	-
On-behalf payments	260,878	-	-
Interest income	21,370	2,465	1,272
Total revenues	<u>833,846</u>	<u>2,249,365</u>	<u>16,318</u>
Expenditures:			
Education:			
Salaries and benefits	286,859	1,309,754	-
Purchased services	247,489	623,814	24,825
Supplies and materials	20,757	232,980	52
Capital outlay	6,298	11,158	-
Payments to other governments	1,900	25,071	-
Other objects	2,819	45,434	-
On-behalf payments	260,878	-	-
Total expenditures	<u>827,000</u>	<u>2,248,211</u>	<u>24,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,846</u>	<u>1,154</u>	<u>(8,559)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(895)	-	-
Total other financing sources (uses)	<u>(895)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,951	1,154	(8,559)
Fund balances, beginning of year	<u>259,355</u>	<u>337,257</u>	<u>101,445</u>
Fund balances, end of year	<u>\$ 265,306</u>	<u>\$ 338,411</u>	<u>\$ 92,886</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
For the year ended June 30, 2007**

	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Local sources	\$ 11,541	\$ 515,886
State sources	5,600	1,810,904
Federal sources	-	503,895
On-behalf payments	-	260,878
Interest income	434	25,541
Total revenues	<u>17,575</u>	<u>3,117,104</u>
Expenditures:		
Education:		
Salaries and benefits	6,428	1,603,041
Purchased services	12,213	908,341
Supplies and materials	3,345	257,134
Capital outlay	-	17,456
Payments to other governments	-	26,971
Other objects	1,487	49,740
On-behalf payments	-	260,878
Total expenditures	<u>23,473</u>	<u>3,123,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,898)</u>	<u>(6,457)</u>
Other financing sources (uses):		
Transfers in	895	895
Transfers out	-	(895)
Total other financing sources (uses)	<u>895</u>	<u>-</u>
Net change in fund balances	(5,003)	(6,457)
Fund balances, beginning of year	<u>17,434</u>	<u>715,491</u>
Fund balances, end of year	<u>\$ 12,431</u>	<u>\$ 709,034</u>

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

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the year ended June 30, 2007

Net change in fund balances \$ (6,457)

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	\$ 17,456	
Depreciation expense	<u>(41,045)</u>	<u>(23,589)</u>
Change in net assets of governmental activities		<u>\$ (30,046)</u>

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

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ -
Total assets	<u>\$ -</u>
LIABILITIES	
Due to other governments	\$ -
Total liabilities	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #12's accounting policies conform to generally accepted accounting principles that are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education #12 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Clay, Crawford, Jasper, Lawrence and Richland counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and insuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and insuring that the bus drivers have valid drivers licenses and are properly trained to operate the school buses. Further, the superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Regional Office of Education #12 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #12 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #12's financial statements. In addition, the Regional Office of Education #12 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #12 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Assets includes all of the Regional Office of Education #12's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental 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. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental fund financial statements distinguish between major and nonmajor funds. Major funds are funds whose revenues, expenditures, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds. Any other governmental fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users. Furthermore, the General Fund is always a major fund. Each major fund is reported as a separate column in the basic fund financial statements. All funds that do not meet any of the above criteria are considered nonmajor funds and consolidated into one column reported as "Other Nonmajor Funds."

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #12 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. The following funds are included in the General Fund:

ROE/ISC Operations - To account for the funding of activities of the Regional Office of Education #12 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology and other activities based upon the needs of local school districts and State and federal mandates.

Special Projects - To account for monies used to provide numerous services to the administrators, staff and students within the Regional Office of Education #12.

Office - To account for the expenditures and payroll for the five Regional Office of Education #12 offices.

Local - To account for local revenue from registration fees and various other sources. These funds are used for professional development meetings and workshops, conferences to provide hands-on learning curriculum opportunities, teams to focus on integration of the Illinois Learning Standards, activities to promote creative thinking, problem solving, and team building activities, enrichment courses for students in kindergarten through sixth grade, and continuing education courses.

Major Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Major special revenue funds include the following:

Education - This fund accounts for the State and federal grant monies received for administering numerous grant awards which include:

Truants Alternative/Optional Education - To account for grant monies received to provide truancy prevention programming and to monitor truants.

Early Childhood Block Grant - To account for grant monies received to provide early childhood education to area three and four year old children.

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Major Special Revenue Funds (Continued)

Education (Continued)

Title IV Safe and Drug Free Schools - To account for grant monies received to provide safe school professional development activities to educators throughout the State of Illinois.

Regional Safe Schools - To account for grant monies received for expenditures and administration of the regional safe schools program.

Accountability Liaison Program - To carry out program monitoring and provide technical assistance for the Preschool for All programs and report upon those activities to the Regional Office of Education and the Illinois State Board of Education.

Technology – Learning Technology Centers - To account for grant monies received from the Illinois State Board of Education to provide technology direction and support for Area 6 North schools.

Mathematics & Science Partnership - To increase the academic achievement of students in mathematics and science by enhancing the content knowledge and teaching skills of classroom teachers.

McKinney Ed. For Homeless Children - To account for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students.

System of Support (RESPRO) - To provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely.

Standards Aligned Classroom - To account for the federal grant monies received to support learning teams focused on alignment of classroom level assessment and instruction.

Early Childhood Block Grant - Preschool for All - To provide funds for early childhood and family education programs and services that will help young children enter school ready to learn.

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

Major Special Revenue Funds (Continued)

Institute - To account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

The government reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Nonmajor special revenue funds include the following:

General Education Development - To account for the administration of the GED testing program. Monies are received from testing and diploma fees.

School Bus Transportation - To account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Supervisory - To account for the monies received from the State of Illinois for expenditures incurred providing supervisory services for the region.

Regional Board of Trustees - To account for monies received from individuals filing petitions requesting change of boundary hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

The government reports the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the Regional Office of Education #12 in a trustee capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

Distributive - To account for monies received from the State for disbursement to other funds or school districts.

Speech Pathology Payroll (formerly called Payroll) - To process speech pathologist wages and benefits/deductions for various school districts.

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

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

D. **Assets, Liabilities, and Net Assets or Equity**

1. **Cash and Investments**

State regulations require that Regional Office of Education #12 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral, or into pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #12 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. **Interfund Transactions**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

3. **Capital Assets**

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Capital Assets (Continued)

Capital assets are depreciated using straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building improvements	10-20
Office equipment	5-10
Computer equipment	5

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

4. Compensated Absences

It is Regional Office of Education #12's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. However, if at the end of the fiscal year the vacation and sick days are still unused, then they will be lost by the employees. Therefore, there were no accrued compensated absences as of June 30, 2007.

5. Equity Classifications

Government-wide Statements

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."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Accounting Pronouncement

The Regional Office of Education #12 has implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* effective for the fiscal year beginning July 1, 2006. The Statement had no effect on the Regional Office of Education #12's net assets or changes in net assets.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "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." The details of this \$23,589 difference are as follows:

Capital outlay - assets owned by the Regional Office	\$ 17,456
Depreciation expense	<u>(41,045)</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (23,589)</u>

3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #12 did not adopt annual budgets and is not legally required to do so for all funds under its control, and annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budget versus actual statements have been presented for the following grants: ROE/ISC Operations, Truants Alternative/Optional Education, Early Childhood Block Grant, Title IV Safe and Drug Free Schools, Regional Safe Schools, Technology-Learning Technology Centers, and Early Childhood Block Grant-Preschool for All.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

4. USE OF 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.

5. AGREEMENTS WITH SCHOOL DISTRICTS WITHIN THE REGION

The Special Projects Fund, a General Fund Account, was established by the regional superintendent upon receiving agreements with the school boards of all school districts within Clay, Crawford, Jasper, Lawrence and Richland counties. Interest on Distributive Fund receipts are transferred to the Special Projects Fund and are the primary source of revenues for the fund.

6. CASH AND CASH EQUIVALENTS

At June 30, 2007, the carrying amounts of the Regional Office of Education #12's deposits for the governmental activities and fiduciary funds were \$723,435 and \$-0-, respectively. The bank balances for the governmental activities and fiduciary funds were \$897,768 and \$1,105,749, respectively. Of the total bank balances for the governmental activities as of June 30, 2007, \$467,544 was secured by federal depository insurance and \$430,224 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #12's name. Of the bank balance for the fiduciary funds as of June 30, 2007, \$100,000 was secured by federal depository insurance and \$1,005,749 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #12's name. The Illinois Funds Money Market Fund account had a balance of \$1,493 at June 30, 2007. This amount is fully collateralized and not subject to credit risk.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 368,778	\$ 17,456	\$ -	\$ 386,234
Less accumulated depreciation for:				
Machinery and equipment	<u>(272,821)</u>	<u>(41,045)</u>	<u>-</u>	<u>(313,866)</u>
Governmental activities capital assets, net	<u>\$ 95,957</u>	<u>\$ (23,589)</u>	<u>\$ -</u>	<u>\$ 72,368</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of Regional Office of Education #12 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 41,045</u>

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #12 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 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 employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.8 percent.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #12's TRS-covered employees.

On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #12. 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 #12 recognized revenue and expenditures of \$86,192 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 (\$55,740) and 11.76 percent (\$84,709), respectively.

The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

The Regional Office of Education #12 makes four 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. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$5,112. Contributions for the years ending June 30, 2006 and June 30, 2005, were \$4,583 and \$4,178, respectively.

Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #12, there is a statutory requirement for the Regional Office of Education #12 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to 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. For the year ended June 30, 2007, salaries totaling \$92,683 were paid from federal and trust funds that required employer contributions of \$9,064. For the years ended June 30, 2006 and June 30, 2005, required employer contributions were \$5,632 and \$9,476, respectively.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Early Retirement Option - The Regional Office of Education #12 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 contribution is 100 percent of the member's highest salary used in the final average salary calculation.

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

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

For the three years ended June 30, 2007, 2006, and 2005, the Regional Office of Education #12 paid no employer contributions under the Early Retirement Option.

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 two years ended June 30, 2007 and 2006, the Regional Office of Education #12 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent.

CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

NOTES TO FINANCIAL STATEMENTS

8. **RETIREMENT FUND COMMITMENTS** (Continued)

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

Salary Increases Over 6 Percent and Excess Sick Leave (Continued)

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 two years ended June 30, 2007 and 2006, the Regional Office of Education #12 made no payments for employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

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 the year ended 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.

B. **Illinois Municipal Retirement Fund**

The Regional Office of Education #12's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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 #12 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 7.02 percent of payroll. The employer 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 employer's annual pension cost of \$39,493 was equal to the employer'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) 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent 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 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 39,493	100%	\$ -
12/31/05	57,073	100%	-
12/31/04	113,224	100%	-
12/31/03	78,371	100%	-
12/31/02	53,123	100%	-
12/31/01	85,744	100%	-
12/31/00	91,201	100%	-
12/31/99	98,561	100%	-
12/31/98	81,666	100%	-
12/31/97	64,258	100%	-

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

C. Schedule of Funding Progress

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

D. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

9. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2007, interfund receivables and payables were as follows:

Due To (Receivable)	Due From (Payable)	Balance at June 30, 2007
General Fund:	Education Fund:	
Special Projects	Truants Alt-Op Ed	\$ 351
Special Projects	Regional Safe School	143
Local	Standards Aligned Classroom	129
		\$ 623

The amounts due to the General Fund from the Education Fund are for a worker's compensation assessment and to cover expenditures which exceeded cash available.

10. BOND

The 105 ILCS 5/3-2 directs the Regional Office of Education #12 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education #12 has secured and maintained such a bond with coverage of \$1,000,000 on the Regional Superintendent.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

11. SCHEDULE OF TRANSFERS

At June 30, 2007, transfers were as follows:

Transfer From Other Funds (Transfer In)	Transfer To Other Funds (Transfers Out)
Nonmajor Governmental Fund:	General Fund:
School Bus Transportation <u>\$ 895</u>	Special Projects <u>\$ 895</u>

The transfer relates to the amount by which the School Bus Transportation expenditures exceeded the amount of money that it had on hand during the year. The funds were transferred in from the Special Projects Fund to cover the excess.

12. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #12's various grant programs have funds due from various other governmental units which consist of the following:

Due From Other Governments	
<u>Education Fund</u>	
Illinois State Board of Education	\$ 40,461
Regional Office of Education #2	26,358
Regional Office of Education #25	129
Total	<u>\$ 66,948</u>

13. ON-BEHALF PAYMENTS

The Regional Office of Education #12 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent salary	\$ 84,737
Regional Superintendent benefits (includes State paid insurance)	19,027
Assistant Regional Superintendent salary	69,908
Assistant Regional Superintendent benefits	1,014
TRS pension contributions	<u>86,192</u>
	<u>\$ 260,878</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

NOTES TO FINANCIAL STATEMENTS

13. ON-BEHALF PAYMENTS (Continued)

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.

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

14. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education #12 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #12 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

15. CONTINGENCIES

The Regional Office of Education #12 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #12 believes any adjustments that may arise will be insignificant to the Regional Office of Education #12's operations.

Currently, the Regional Office of Education #12 is the defendant in a lawsuit with a former worker at the Regional Office. As the possible outcome of this case is uncertain, the potential loss is unknown at this time.

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

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	\$ 2,153,877	\$ 2,200,811	\$ 46,934	97.87%	\$ 562,584	8.34%
12/30/05	1,948,864	2,027,474	78,610	96.12%	519,319	15.14%
12/31/04	1,835,454	1,810,446	(25,008)	101.38%	953,869	-
12/31/03	1,690,380	1,877,935	187,555	90.01%	1,299,680	14.43%
12/31/02	1,749,799	1,801,766	51,967	97.12%	1,338,105	3.88%
12/31/01	1,929,998	1,779,191	(150,807)	108.48%	1,205,963	-
12/31/00	1,692,545	1,496,164	(196,381)	113.13%	1,098,811	-
12/31/99	1,510,881	1,411,319	(99,562)	107.05%	998,593	-
12/31/98	1,187,936	1,212,851	24,915	97.95%	785,254	3.17%
12/31/97	1,023,597	1,109,730	86,133	92.24%	781,453	11.02%

On a market value basis, the actuarial value of assets as of December 31, 2006 was \$2,332,334. On a market value basis, the funded ratio would be 105.98%.

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 more early retirements are expected to occur.

SLEP member contribution rate changed from 6.5 percent to 7.5 percent effective June 1, 2006.

SUPPLEMENTAL INFORMATION

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2007**

	ROE/ISC Operations	Special Projects	Office
ASSETS			
Cash and cash equivalents	\$ -	\$ 148,578	\$ 63,673
Due from other funds	-	716	-
Total assets	\$ -	\$ 149,294	\$ 63,673
LIABILITIES			
Accounts payable	\$ -	\$ 4,367	\$ 468
Due to other funds	-	-	165
Total liabilities	-	4,367	633
FUND BALANCE			
Unreserved	-	144,927	63,040
Total liabilities and fund balance	\$ -	\$ 149,294	\$ 63,673

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2007**

	Local	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 58,672	\$ -	\$ 270,923
Due from other funds	129	(222)	623
Total assets	\$ 58,801	\$ (222)	\$ 271,546
LIABILITIES			
Accounts payable	\$ 1,405	\$ -	\$ 6,240
Due to other funds	57	(222)	-
Total liabilities	1,462	\$ (222)	6,240
FUND BALANCE			
Unreserved	57,339	-	265,306
Total liabilities and fund balance	\$ 58,801	\$ (222)	\$ 271,546

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
For the year ended June 30, 2007**

	ROE/ISC Operations	Special Projects	Office
Revenues:			
Local sources	\$ -	\$ 131,170	\$ 216,809
State sources	73,785	-	-
On-behalf payments	-	-	260,878
Interest income	-	20,069	826
Total revenues	73,785	151,239	478,513
Expenditures:			
Salaries and benefits	52,731	292	218,601
Purchased services	10,843	105,450	21,988
Supplies and materials	3,853	1,833	2,031
Capital outlay	4,458	-	-
Payments to other governments	1,900	-	-
Other objects	-	2,743	-
On-behalf payments	-	-	260,878
Total expenditures	73,785	110,318	503,498
Excess (deficiency) of revenues over (under) expenditures	-	40,921	(24,985)
Other financing sources (uses):			
Transfers in	-	47,984	-
Transfers out	-	(895)	-
Total other financing sources (uses)	-	47,089	-
Net change in fund balance	-	88,010	(24,985)
Fund balance, beginning of year	-	56,917	88,025
Fund balance, end of year	\$ -	\$ 144,927	\$ 63,040

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2007**

	<u>Local</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:			
Local sources	\$ 129,834	\$ -	\$ 477,813
State sources	-	-	73,785
On-behalf payments	-	-	260,878
Interest income	475	-	21,370
	<u>130,309</u>	<u>-</u>	<u>833,846</u>
Expenditures:			
Salaries and benefits	15,235	-	286,859
Purchased services	109,208	-	247,489
Supplies and materials	13,040	-	20,757
Capital outlay	1,840	-	6,298
Payments to other governments	-	-	1,900
Other objects	76	-	2,819
On-behalf payments	-	-	260,878
	<u>139,399</u>	<u>-</u>	<u>827,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,090)</u>	<u>-</u>	<u>6,846</u>
Other financing sources (uses):			
Transfers in	-	(47,984)	-
Transfers out	(47,984)	47,984	(895)
	<u>(47,984)</u>	<u>-</u>	<u>(895)</u>
Total other financing sources (uses)	<u>(47,984)</u>	<u>-</u>	<u>(895)</u>
Net change in fund balance	(57,074)	-	5,951
Fund balance, beginning of year	<u>114,413</u>	<u>-</u>	<u>259,355</u>
Fund balance, end of year	<u>\$ 57,339</u>	<u>\$ -</u>	<u>\$ 265,306</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS – PROJECT #07-3730-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 73,785	\$ 73,785	\$ 73,785	\$ -
Total revenues	<u>73,785</u>	<u>73,785</u>	<u>73,785</u>	<u>-</u>
Expenditures:				
Salaries and benefits	51,228	52,728	52,731	(3)
Purchased services	10,900	11,000	10,843	157
Supplies and materials	3,157	3,157	3,853	(696)
Capital outlay	3,500	5,000	4,458	542
Payments to other governments	5,000	1,900	1,900	-
Total expenditures	<u>73,785</u>	<u>73,785</u>	<u>73,785</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2007**

	Truants Alternative/ Optional Education	Early Childhood Block Grant	Title IV Safe and Drug Free Schools	Regional Safe Schools
ASSETS				
Cash and cash equivalents	\$ 148,967	\$ -	\$ 971	\$ 192,125
Due from other governments	-	-	40,461	-
Total assets	\$ 148,967	\$ -	\$ 41,432	\$ 192,125
LIABILITIES				
Accounts payable	\$ 2,058	\$ -	\$ 9,502	\$ 136
Due to other funds	351	-	-	143
Deferred revenue	-	-	31,930	-
Total liabilities	2,409	-	41,432	279
FUND BALANCE				
Unreserved	146,558	-	-	191,846
Total liabilities and fund balance	\$ 148,967	\$ -	\$ 41,432	\$ 192,125

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2007**

	Accountability Liaison Program	Technology - Learning Technology Centers	Mathematics & Science Partnership	McKinney Ed. For Homeless Children
ASSETS				
Cash and cash equivalents	\$ -	\$ 4	\$ -	\$ 3
Due from other governments	-	-	-	-
Total assets	\$ -	\$ 4	\$ -	\$ 3
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCE				
Unreserved	-	4	-	3
Total liabilities and fund balance	\$ -	\$ 4	\$ -	\$ 3

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2007**

	System of Support (RESPRO)	Standards Aligned Classroom	Early Childhood - Preschool For All	Totals
ASSETS				
Cash and cash equivalents	\$ 4,491	\$ -	\$ -	\$ 346,561
Due from other governments	26,358	129	-	66,948
Total assets	\$ 30,849	\$ 129	\$ -	\$ 413,509
LIABILITIES				
Accounts payable	\$ 30,849	\$ -	\$ -	\$ 42,545
Due to other funds	-	129	-	623
Deferred revenue	-	-	-	31,930
Total liabilities	30,849	129	-	75,098
FUND BALANCE				
Unreserved	-	-	-	338,411
Total liabilities and fund balance	\$ 30,849	\$ 129	\$ -	\$ 413,509

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2007**

	Truants Alternative/ Optional Education	Early Childhood Block Grant	Title IV Safe and Drug Free Schools	Regional Safe Schools
Revenues:				
Local sources	\$ 1,391	\$ 2,000	\$ -	\$ -
State sources	646,087	241,320	-	292,817
Federal sources	-	-	309,460	-
Interest income	1,267	-	-	-
Total revenues	648,745	243,320	309,460	292,817
Expenditures:				
Salaries and benefits	542,827	119,769	71,174	262,927
Purchased services	75,866	49,066	207,181	21,348
Supplies and materials	20,682	72,485	24,745	4,706
Capital outlay	3,886	-	-	-
Payments to other governments	-	-	-	-
Other objects	6,031	2,000	6,360	-
Total expenditures	649,292	243,320	309,460	288,981
Excess (deficiency) of revenues over (under) expenditures	(547)	-	-	3,836
Other financing uses				
Transfer out	-	-	-	-
Net change in fund balance	(547)	-	-	3,836
Fund balance, beginning of year	147,105	-	-	188,010
Fund balance, end of year	\$ 146,558	\$ -	\$ -	\$ 191,846

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2007**

	Accountability Liaison Program	Technology - Learning Technology Centers	Mathematics & Science Partnership	McKinney Ed. For Homeless Children
Revenues:				
Local sources	\$ -	\$ 3,525	\$ 4,570	\$ -
State sources	20,400	165,847	-	-
Federal sources	-	-	-	25,545
Interest income	-	1,016	-	182
Total revenues	20,400	170,388	4,570	25,727
Expenditures:				
Salaries and benefits	4,250	104,524	6,416	10,698
Purchased services	14,476	32,637	212	2,878
Supplies and materials	1,014	1,841	84	11,898
Capital outlay	660	1,845	-	-
Payments to other governments	-	25,000	-	71
Other objects	-	4,537	-	179
Total expenditures	20,400	170,384	6,712	25,724
Excess (deficiency) of revenues over (under) expenditures	-	4	(2,142)	3
Other financing uses				
Transfer out	-	-	-	-
Net change in fund balance	-	4	(2,142)	3
Fund balance, beginning of year	-	-	2,142	-
Fund balance, end of year	\$ -	\$ 4	\$ -	\$ 3

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2007**

	System of Support (RESPRO)	Standards Aligned Classroom	Early Childhood - Preschool For All	Total
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 11,486
State sources	41,048	-	324,000	1,731,519
Federal sources	156,706	12,184	-	503,895
Interest income	-	-	-	2,465
Total revenues	197,754	12,184	324,000	2,249,365
Expenditures:				
Salaries and benefits	51,972	5,736	129,461	1,309,754
Purchased services	106,756	6,058	107,336	623,814
Supplies and materials	12,699	390	82,436	232,980
Capital outlay	-	-	4,767	11,158
Payments to other governments	-	-	-	25,071
Other objects	26,327	-	-	45,434
Total expenditures	197,754	12,184	324,000	2,248,211
Excess (deficiency) of revenues over (under) expenditures	-	-	-	1,154
Other financing uses				
Transfer out	-	-	-	-
Net change in fund balance	-	-	-	1,154
Fund balance, beginning of year	-	-	-	337,257
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,411</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION – PROJECT #07-3695-00
For the year ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 1,391	\$ 1,391
State sources	373,710	399,870	646,087	246,217
Interest income	-	-	1,267	1,267
	<u>373,710</u>	<u>399,870</u>	<u>648,745</u>	<u>248,875</u>
Total revenues				
	<u>373,710</u>	<u>399,870</u>	<u>648,745</u>	<u>248,875</u>
Expenditures:				
Salaries and benefits	320,054	341,129	542,827	(201,698)
Purchased services	35,660	44,041	75,866	(31,825)
Supplies and materials	17,996	14,700	20,682	(5,982)
Capital outlay	-	-	3,886	(3,886)
Other objects	-	-	6,031	(6,031)
	<u>373,710</u>	<u>399,870</u>	<u>649,292</u>	<u>(249,422)</u>
Total expenditures				
	<u>373,710</u>	<u>399,870</u>	<u>649,292</u>	<u>(249,422)</u>
Deficiency of revenues under expenditures				
	<u>\$ -</u>	<u>\$ -</u>	(547)	<u>\$ (547)</u>
Fund balance, beginning of year				
			<u>147,105</u>	
Fund balance, end of year				
			<u>\$ 146,558</u>	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT – PROJECT #07-3705-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 2,000	\$ 2,000
State sources	238,931	241,320	241,320	-
Total revenues	<u>238,931</u>	<u>241,320</u>	<u>243,320</u>	<u>2,000</u>
Expenditures:				
Salaries and benefits	138,411	120,317	119,769	548
Purchased services	52,520	48,685	49,066	(381)
Supplies and materials	48,000	72,318	72,485	(167)
Capital outlay	-	-	-	-
Other objects	-	-	2,000	(2,000)
Total expenditures	<u>238,931</u>	<u>241,320</u>	<u>243,320</u>	<u>(2,000)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE IV SAFE AND DRUG FREE SCHOOLS – PROJECT #06-4415-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Federal sources	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 48,807</u>	<u>\$ (251,193)</u>
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>48,807</u>	<u>(251,193)</u>
Expenditures:				
Salaries and benefits	72,054	72,054	12,042	60,012
Purchased services	189,586	189,586	28,194	161,392
Supplies and materials	32,000	32,000	8,571	23,429
Other objects	<u>6,360</u>	<u>6,360</u>	<u>-</u>	<u>6,360</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>48,807</u>	<u>251,193</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE IV SAFE AND DRUG FREE SCHOOLS – PROJECT #07-4415-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 300,000	\$ 300,000	\$ 260,653	\$ (39,347)
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>260,653</u>	<u>(39,347)</u>
Expenditures:				
Salaries and benefits	75,822	75,822	59,132	16,690
Purchased services	196,806	196,806	178,987	17,819
Supplies and materials	21,012	21,012	16,174	4,838
Other objects	6,360	6,360	6,360	-
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>260,653</u>	<u>39,347</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS – PROJECT #07-3696-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 129,278</u>	<u>\$ 130,077</u>	<u>\$ 292,817</u>	<u>\$ 162,740</u>
Total revenues	<u>129,278</u>	<u>130,077</u>	<u>292,817</u>	<u>162,740</u>
Expenditures:				
Salaries and benefits	116,538	117,197	262,927	(145,730)
Purchased services	6,880	8,680	21,348	(12,668)
Supplies and materials	<u>5,860</u>	<u>4,200</u>	<u>4,706</u>	<u>(506)</u>
Total expenditures	<u>129,278</u>	<u>130,077</u>	<u>288,981</u>	<u>(158,904)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	3,836	<u>\$ 3,836</u>
Fund balance, beginning of year			<u>188,010</u>	
Fund balance, end of year			<u>\$ 191,846</u>	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TECHNOLOGY-LEARNING TECHNOLOGY CENTERS – PROJECT #07-3780-00
For the year ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 3,525	\$ 3,525
State sources	165,847	165,847	165,847	-
Interest income	-	-	1,016	1,016
Total revenues	165,847	165,847	170,388	4,541
Expenditures:				
Salaries and benefits	112,096	104,525	104,524	1
Purchased services	33,693	32,719	32,637	82
Supplies and materials	1,918	1,800	1,841	(41)
Capital outlay	-	1,803	1,845	(42)
Payments to other governments	18,140	25,000	25,000	-
Other objects	-	-	4,537	(4,537)
Total expenditures	165,847	165,847	170,384	(4,537)
Excess of revenues over expenditures	\$ -	\$ -	4	\$ 4
Fund balance, beginning of year			-	
Fund balance, end of year			\$ 4	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

**EARLY CHILDHOOD BLOCK GRANT - PRESCHOOL FOR ALL – PROJECT #07-3705-70
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 318,000	\$ 324,000	\$ 324,000	\$ -
Total revenues	<u>318,000</u>	<u>324,000</u>	<u>324,000</u>	<u>-</u>
Expenditures:				
Salaries and benefits	151,715	126,913	129,461	(2,548)
Purchased services	86,300	107,003	107,336	(333)
Supplies and materials	75,485	85,584	82,436	3,148
Capital outlay	4,500	4,500	4,767	(267)
Total expenditures	<u>318,000</u>	<u>324,000</u>	<u>324,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2007**

	<u>General Education Development</u>	<u>School Bus Transportation</u>	<u>Supervisory</u>
ASSETS			
Cash and cash equivalents	\$ 12,264	\$ 293	\$ -
Total assets	<u>\$ 12,264</u>	<u>\$ 293</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 43	\$ 83	\$ -
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	43	83	-
FUND BALANCE			
Unreserved	<u>12,221</u>	<u>210</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 12,264</u>	<u>\$ 293</u>	<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2007**

	Regional Board of Trustees	Total
ASSETS		
Cash and cash equivalents	\$ 508	\$ 13,065
Total assets	\$ 508	\$ 13,065
LIABILITIES		
Accounts payable	\$ -	\$ 126
Deferred revenue	508	508
Total liabilities	508	634
FUND BALANCE		
Unreserved	-	12,431
Total liabilities and fund balance	\$ 508	\$ 13,065

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2007**

	<u>General Education Development</u>	<u>School Bus Transportation</u>	<u>Supervisory</u>
Revenues:			
Local sources	\$ 8,155	\$ 1,356	\$ -
State sources	-	600	5,000
Interest income	434	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	8,589	1,956	5,000
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	6,428	-	-
Purchased services	3,910	2,760	5,000
Supplies and materials	3,345	-	-
Other objects	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	13,683	2,760	5,000
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(5,094)	(804)	-
Other financing sources:			
Transfers in	-	895	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(5,094)	91	-
Fund balance, beginning of year	17,315	119	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 12,221</u>	<u>\$ 210</u>	<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2007**

	Regional Board of Trustees	Total
Revenues:		
Local sources	\$ 2,030	\$ 11,541
State sources	-	5,600
Interest income	-	434
	2,030	17,575
 Expenditures:		
Salaries and benefits	-	6,428
Purchased services	543	12,213
Supplies and materials	-	3,345
Other objects	1,487	1,487
	2,030	23,473
 Excess (deficiency) of revenues over (under) expenditures	-	(5,898)
 Other financing sources:		
Transfers in	-	895
 Net change in fund balance	-	(5,003)
 Fund balance, beginning of year	-	17,434
 Fund balance, end of year	\$ -	\$ 12,431

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2007**

	<u>Distributive Fund</u>	<u>Speech Pathology Payroll Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Due to other governments	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 62,982,510	\$ 62,982,510	\$ -
Due from other governments	1,994,326	60,968,874	62,963,200	-
Total assets	<u>\$ 1,994,326</u>	<u>\$ 123,951,384</u>	<u>\$ 125,945,710</u>	<u>\$ -</u>
LIABILITIES				
Due to other funds	\$ -	\$ 2,121,152	\$ 2,121,152	\$ -
Due to other governments	1,994,326	58,867,032	60,861,358	-
Total liabilities	<u>\$ 1,994,326</u>	<u>\$ 60,988,184</u>	<u>\$ 62,982,510</u>	<u>\$ -</u>
<u>SPEECH PATHOLOGY PAYROLL</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 112,266	\$ 112,266	\$ -
Total assets	<u>\$ -</u>	<u>\$ 112,266</u>	<u>\$ 112,266</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 112,266	\$ 112,266	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 112,266</u>	<u>\$ 112,266</u>	<u>\$ -</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 63,094,776	\$ 63,094,776	\$ -
Due from other governments	1,994,326	60,968,874	62,963,200	-
Total assets	<u>\$ 1,994,326</u>	<u>\$ 124,063,650</u>	<u>\$ 126,057,976</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 112,266	\$ 112,266	\$ -
Due to other funds	-	2,121,152	2,121,152	-
Due to other governments	1,994,326	58,867,032	60,861,358	-
Total liabilities	<u>\$ 1,994,326</u>	<u>\$ 61,100,450</u>	<u>\$ 63,094,776</u>	<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2007**

	Clay City Community Unit #10	North Clay Community Unit #25	Flora Community Unit #35	Hutsonville Community Unit #1	Robinson Community Unit #2
General State Aid	\$ 1,399,205	\$ 2,767,716	\$ 5,434,247	\$ 1,354,509	\$ 3,351,793
General State Aid Hold Harmless/Supplemental	-	-	-	-	-
Transition Assistance	-	-	-	-	142,828
Special Ed - Private Facility Tuition	25,884	7,125	69,099	-	21,267
Special Ed - Extraordinary	25,054	82,345	216,605	41,845	163,800
Special Ed - Personnel	100,672	118,111	272,674	50,243	234,362
Special Ed - Orphanage - Individual	-	-	63,021	-	-
Special Ed - Summer School	-	-	6,472	-	468
Vocational Ed - Secondary Prog Improvement	-	-	-	-	-
Vocational Ed - Agriculture Education	-	-	-	-	-
Bilingual Education	-	-	-	-	-
State Free Lunch and Breakfast	3,731	4,648	11,620	4,376	13,234
School Breakfast Incentive	154	406	435	216	603
Driver Education	5,542	8,422	16,859	4,992	24,183
Transportation - Regular and Vocational	172,844	390,117	545,650	215,031	635,089
Transportation - Special Education	50,650	58,898	142,415	150,838	183,705
ROE School Bus Driver Training	-	-	-	-	-
Certificate Renewal Admin Payment-LPDCs	-	-	7,000	-	11,000
Truants Alternative/Optional Education	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-
Early Childhood - Block Grant	103,213	147,340	383,234	118,021	290,452
Reading Improvement Block Grant	14,645	25,859	46,144	13,774	59,401
ROE/ISC Operations	-	-	-	-	-
Supervisory Expense	-	-	-	-	-
ADA Safety and Educational Block Grant	13,736	25,126	52,980	14,399	61,003
Technology - Learning Technology Centers	-	-	-	-	-
Title VI - Formula	729	1,143	2,436	724	3,815
Title V SEA Project	595	-	-	-	-
National School Lunch Program	60,882	86,976	219,634	71,055	219,207
Special Milk Program	-	1,087	2,936	-	-
School Breakfast Program	20,833	21,112	57,595	30,369	87,126
Summer Food Service Program	-	-	-	-	-
Child Nutrition	71	123	257	81	269
Title I - Low Income	99,038	178,528	220,078	83,394	289,012
Title IV - Safe and Drug Free Sch - Formula	1,861	2,951	6,224	1,615	6,753
Title IV - Safe and Drug Free - State Level Prog	-	-	-	-	-
Federal - Special Ed - IDEA - Room and Board	24,555	-	117,041	263	128
V.E. - Perkins - Title IIC - Secondary	-	-	-	-	-
Title II - Teacher Quality	28,531	36,455	81,539	25,522	92,184
Mathematics and Science Partnerships	-	-	-	-	-
Technology - Enhancing Education - Formula	1,033	1,789	2,502	922	3,309
Other Federal Programs	-	-	28,146	-	27,370
TOTAL	\$ 2,153,458	\$ 3,966,277	\$ 8,006,843	\$ 2,182,189	\$ 5,922,361

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2007**

	Palestine Community Unit #3	Oblong Community Unit #4	Jasper County Community Unit #1	Red Hill Community Unit #10	Lawrence County Community Unit #20
General State Aid	\$ 1,872,496	\$ 2,805,782	\$ 1,461,844	\$ 4,664,442	\$ 5,495,244
General State Aid Hold Harmless/Supplemental	-	-	1,058,593	-	-
Transition Assistance	-	-	-	-	-
Special Ed - Private Facility Tuition	-	-	61,452	9,787	6,008
Special Ed - Extraordinary	32,081	82,171	214,251	124,588	70,513
Special Ed - Personnel	57,195	122,924	249,952	160,861	154,111
Special Ed - Orphanage - Individual	-	-	6,359	-	4,501
Special Ed - Summer School	-	-	1,195	2,479	-
Vocational Ed - Secondary Prog Improvement	-	-	-	-	-
Vocational Ed - Agriculture Education	-	-	-	-	-
Bilingual Education	-	-	-	-	1,229
State Free Lunch and Breakfast	2,733	4,620	10,659	8,391	9,134
School Breakfast Incentive	187	218	233	524	174
Driver Education	3,848	9,976	20,869	14,990	15,943
Transportation - Regular and Vocational	114,385	374,695	942,822	534,064	380,069
Transportation - Special Education	100,584	160,388	378,846	51,208	115,546
ROE School Bus Driver Training	-	-	-	-	-
Certificate Renewal Admin Payment-LPDCs	-	-	-	3,000	7,000
Truants Alternative/Optional Education	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-
Early Childhood - Block Grant	57,111	142,348	117,556	233,384	190,790
Reading Improvement Block Grant	17,218	22,477	49,429	36,912	48,777
ROE/ISC Operations	-	-	-	-	-
Supervisory Expense	-	-	-	-	-
ADA Safety and Educational Block Grant	16,938	26,663	54,953	38,551	48,493
Technology - Learning Technology Centers	-	-	-	-	-
Title VI - Formula	826	18,138	32,875	1,928	2,516
Title V SEA Project	-	-	-	-	-
National School Lunch Program	48,159	88,653	187,545	156,512	158,185
Special Milk Program	-	-	-	2,204	-
School Breakfast Program	14,138	20,280	64,514	56,135	52,508
Summer Food Service Program	-	-	-	8,038	-
Child Nutrition	64	127	248	206	174
Title I - Low Income	121,590	106,559	340,684	331,604	313,653
Title IV - Safe and Drug Free Sch - Formula	1,716	3,722	6,995	6,132	7,881
Title IV - Safe and Drug Free - State Level Prog	-	-	-	-	-
Federal - Special Ed - IDEA - Room and Board	152	292	33,163	56,277	37,949
V.E. - Perkins - Title IIC - Secondary	-	-	-	-	-
Title II - Teacher Quality	35,712	15,380	106,993	75,805	88,194
Mathematics and Science Partnerships	-	-	-	-	-
Technology - Enhancing Education - Formula	1,263	1,085	3,187	2,785	3,363
Other Federal Programs	-	-	-	-	-
TOTAL	\$ 2,498,396	\$ 4,006,498	\$ 5,405,217	\$ 6,580,807	\$ 7,211,955

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2007**

	East Richland Community Unit #1	West Richland Community Unit #2	Twin Rivers Regional Vocational System	Regional Office of Education #12
General State Aid	\$ 6,282,639	\$ 1,852,819	\$ -	\$ 408,958
General State Aid Hold Harmless/Supplemental	-	-	-	-
Transition Assistance	-	-	-	-
Special Ed - Private Facility Tuition	21,415	-	-	-
Special Ed - Extraordinary	243,577	53,482	-	-
Special Ed - Personnel	301,690	61,762	-	-
Special Ed - Orphanage - Individual	-	-	-	-
Special Ed - Summer School	825	-	-	-
Vocational Ed - Secondary Prog Improvement	-	-	196,705	-
Vocational Ed - Agriculture Education	-	-	10,753	-
Bilingual Education	-	-	-	-
State Free Lunch and Breakfast	17,229	2,522	-	-
School Breakfast Incentive	393	145	-	-
Driver Education	22,467	7,037	-	-
Transportation - Regular and Vocational	711,493	205,370	-	-
Transportation - Special Education	190,449	51,563	-	-
ROE School Bus Driver Training	-	-	-	600
Certificate Renewal Admin Payment-LPDCs	3,000	-	-	-
Truants Alternative/Optional Education	106,306	-	-	399,870
Regional Safe Schools	-	-	-	130,077
Early Childhood - Block Grant	323,554	99,207	-	565,320
Reading Improvement Block Grant	71,513	16,070	-	-
ROE/ISC Operations	-	-	-	73,785
Supervisory Expense	-	-	-	5,000
ADA Safety and Educational Block Grant	75,252	16,851	-	-
Technology - Learning Technology Centers	-	-	-	165,847
Title VI - Formula	3,984	775	-	-
Title V SEA Project	-	-	-	-
National School Lunch Program	301,515	51,180	-	-
Special Milk Program	-	-	-	-
School Breakfast Program	94,619	11,990	-	-
Summer Food Service Program	-	-	-	-
Child Nutrition	343	77	-	-
Title I - Low Income	448,496	90,734	-	-
Title IV - Safe and Drug Free Sch - Formula	9,463	1,929	-	-
Title IV - Safe and Drug Free - State Level Prog	-	-	-	352,385
Federal - Special Ed - IDEA - Room and Board	397	452	-	-
V.E. - Perkins - Title IIC - Secondary	-	-	58,857	-
Title II - Teacher Quality	135,309	25,979	-	-
Mathematics and Science Partnerships	324,814	-	-	-
Technology - Enhancing Education - Formula	4,784	965	-	-
Other Federal Programs	-	-	-	-
TOTAL	\$ 9,695,526	\$ 2,550,909	\$ 266,315	\$ 2,101,842

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES

DISTRIBUTIVE FUND

For the year ended June 30, 2007

	Clay-Jasper- Richland-N. Wayne Regional System		Total
General State Aid	\$ -		\$ 39,151,694
General State Aid Hold Harmless/Supplemental	-		1,058,593
Transition Assistance	-		142,828
Special Ed - Private Facility Tuition	-		222,037
Special Ed - Extraordinary	-		1,350,312
Special Ed - Personnel	-		1,884,557
Special Ed - Orphanage - Individual	-		73,881
Special Ed - Summer School	-		11,439
Vocational Ed - Secondary Prog Improvement	307,235		503,940
Vocational Ed - Agriculture Education	28,956		39,709
Bilingual Education	-		1,229
State Free Lunch and Breakfast	-		92,897
School Breakfast Incentive	-		3,688
Driver Education	-		155,128
Transportation - Regular and Vocational	-		5,221,629
Transportation - Special Education	-		1,635,090
ROE School Bus Driver Training	-		600
Certificate Renewal Admin Payment-LPDCs	-		31,000
Truants Alternative/Optional Education	-		506,176
Regional Safe Schools	-		130,077
Early Childhood - Block Grant	-		2,771,530
Reading Improvement Block Grant	-		422,219
ROE/ISC Operations	-		73,785
Supervisory Expense	-		5,000
ADA Safety and Educational Block Grant	-		444,945
Technology - Learning Technology Centers	-		165,847
Title VI - Formula	-		69,889
Title V SEA Project	-		595
National School Lunch Program	-		1,649,503
Special Milk Program	-		6,227
School Breakfast Program	-		531,219
Summer Food Service Program	-		8,038
Child Nutrition	-		2,040
Title I - Low Income	-		2,623,370
Title IV - Safe and Drug Free Sch - Formula	-		57,242
Title IV - Safe and Drug Free - State Level Prog	-		352,385
Federal - Special Ed - IDEA - Room and Board	-		270,669
V.E. - Perkins - Title IIC - Secondary	78,416		137,273
Title II - Teacher Quality	-		747,603
Mathematics and Science Partnerships	-		324,814
Technology - Enhancing Education - Formula	-		26,987
Other Federal Programs	-		55,516
TOTAL	\$ 414,607		\$ 62,963,200

FEDERAL FINANCIAL COMPLIANCE SECTION

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2007**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/06 - 6/30/07
U.S. Department of Education			
<i>Passed through the Illinois State Board of Education</i>			
(m) Title IV Safe & Drug Free - State Level Program	84.186A	06-4415-00	\$ 48,807
(m) Title IV Safe & Drug Free - State Level Program	84.186A	07-4415-00	260,653
Total Illinois State Board of Education			<u>309,460</u>
 <i>Passed through the Illinois State Board of Education passed through ROE #21</i>			
McKinney Education for Homeless Children	84.196A	07-4920-00	25,545
Total ROE #21			<u>25,545</u>
 <i>Passed through the Illinois State Board of Education passed through ROE #11 passed through ROE #25</i>			
Standards Aligned Classroom	84.298A	06-4999-00	5,063
Title I - Standards Aligned Classroom	84.010A	07-4331-00	7,121
Total ROE #25			<u>12,184</u>
 <i>Passed through the Illinois State Board of Education passed through ROE #2</i>			
System of Support (RESPRO)			
Title I	84.010A	06-4331-SS	71,617
Title I	84.010A	07-4331-SS	62,713
Total Title I			<u>134,330</u>
Title II	84.367A	06-4935-SS	20,234
Title II	84.367A	07-4935-SS	2,142
Total Title II			<u>22,376</u>
Total ROE #2			<u>156,706</u>
Total U.S. Department of Education			<u>\$ 503,895</u>

(m) - major program

The accompanying notes are an integral part of this schedule.

**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2007**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #12 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 in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

The note is not applicable to Regional Office of Education #12.

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

Title IV Safe and Drug Free Schools - To account for grant monies received to provide safe school professional development activities to educators throughout the State of Illinois.

4. NON-CASH ASSISTANCE

The note is not applicable to Regional Office of Education #12.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education #12.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The note is not applicable to Regional Office of Education #12.