

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #40**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the year ended June 30, 2005**

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>OFFICIALS</b> .....	1
<b>COMPLIANCE REPORT SUMMARY</b> .....	2-3
<b>FINANCIAL STATEMENT REPORT SUMMARY</b> .....	4
<b>INDEPENDENT AUDITORS' REPORT</b> .....	5-6
<b>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</b> .....	7-8
<b>REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE FOR EACH PROGRAM DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD OF EDUCATION IN THEIR MONITORING OF FEDERAL PROGRAMS</b> .....	9-10
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b> .....	11-21
<b>CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS</b> .....	22-26
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b> .....	27
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	28A-28F
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-wide Financial Statements:	
Statement of Net Assets.....	29
Statement of Activities .....	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	31
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	32

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>BASIC FINANCIAL STATEMENTS: (Continued)</b>	
Fund Financial Statements: (Continued)	
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	33
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds .....	34
Statement of Net Assets – Proprietary Funds .....	35
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	36
Statement of Cash Flows – Proprietary Funds .....	37
Statement of Fiduciary Net Assets – Fiduciary Funds .....	38
Notes to Financial Statements .....	39-60
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Illinois Municipal Retirement Fund – Schedule of Funding Progress .....	61
<b>SUPPLEMENTAL INFORMATION:</b>	
General Fund:	
Combining Schedules:	
Combining Schedule of Accounts – General Fund .....	62-64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts.....	65-67
Individual Schedule:	
Budgetary Comparison Schedule – General Fund Accounts ROE/ISC Operations Project #05-3730-00 .....	68

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>SUPPLEMENTAL INFORMATION: (Continued)</b>	
Education Fund:	
Combining Schedules:	
Combining Schedule of Accounts – Education Fund.....	69-73
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Education Fund Accounts .....	74-78
Individual Schedules:	
Budgetary Comparison Schedule – Education Fund Accounts Truants Alternative/Optional Education Project #05-3695-00 .....	79
Budgetary Comparison Schedule – Education Fund Accounts Title II – Teacher Quality Project #05-4932-00 .....	80
Budgetary Comparison Schedule – Education Fund Accounts Title V – Innovative Programs Project #05-4100-00 .....	81
Budgetary Comparison Schedule – Education Fund Accounts Regional Safe Schools Project #05-3696-00 .....	82
Budgetary Comparison Schedule – Education Fund Accounts Title IV – Community Service Project #04-4420-00 .....	83
Budgetary Comparison Schedule – Education Fund Accounts Adult Education – Performance Project #536 AB .....	84
Budgetary Comparison Schedule – Education Fund Accounts Adult Education – State Basic Project #536 AB .....	85

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>SUPPLEMENTAL INFORMATION: (Continued)</b>	
Education Fund: (Continued)	
Individual Schedules: (Continued)	
Budgetary Comparison Schedule – Education Fund Accounts Adult Education – Public Assistance Project #536 AB .....	86
Budgetary Comparison Schedule – Education Fund Accounts Adult Education – Federal Basic Project #536 AB .....	87
Budgetary Comparison Schedule – Education Fund Accounts Even Start Project #05-4335-00 .....	88
Budgetary Comparison Schedule – Education Fund Accounts Title I – Reading First Project #05-4337-02 .....	89
Budgetary Comparison Schedule – Education Fund Accounts Mathematics and Science Partnerships Project #05-4936-00 .....	90
Budgetary Comparison Schedule – Education Fund Accounts Reading Improvement Block Project #05-3720-01 .....	91
Nonmajor Funds:	
Combining Statements:	
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	92-94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	95-97

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>SUPPLEMENTAL INFORMATION: (Continued)</b>	
Proprietary Funds:	
Combining Statements:	
Combining Statement of Net Assets – Nonmajor Proprietary Funds .....	98
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds .....	99
Combining Statement of Cash Flows – Nonmajor Proprietary Funds .....	100
Agency Funds:	
Combining Statements:	
Combining Statement of Fiduciary Net Assets – Agency Funds .....	101
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	102-103
Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund.....	104
<b>FEDERAL FINANCIAL COMPLIANCE SECTION:</b>	
Schedule of Expenditures of Federal Awards.....	105-106
Notes to the Schedule of Expenditures of Federal Awards.....	107-108

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**OFFICIALS**

Regional Superintendent (current and during the audit period) ..... Mr. Larry D. Pfeiffer

Assistant Regional Superintendent (current and during the audit period)..... Mr. Terry Strauch

Offices are located at:

220 N. Broad Street  
Carlinville, IL 62626

Box 409, 100 Lincoln  
Jerseyville, IL 62052

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	5	3
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	2	1

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
05-01	13-14	Controls Over Compliance with Laws and Regulations
05-02	15	Inadequate Review of Journal Entries
05-03	16-17	Inadequate Internal Controls over Disbursement Process
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)		
05-04	18-19	An expenditure report for an education fund did not agree to the general ledger.
05-05	20-21	Expenditure requirements for a grant were not followed.



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMPLIANCE REPORT SUMMARY (Continued)**

<b>Item No.</b>	<b>Page</b>	<b>Description</b>
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)		
04-01	27	Noncompliance with Statutory Mandates
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)		
04-02	27	Late submission of expenditure reports

**EXIT CONFERENCE**

An informal exit conference was held on August 23, 2005. Attending were Larry D. Pfeiffer, Regional Superintendent, Beverly Kinser, Bookkeeper for the Regional Office of Education #40, and Heather Wolke, CPA with West & Company, LLC.

The responses to the recommendations were provided by Marilyn Rogers in an e-mail dated October 27, 2005 and in faxes dated January 3, 2006 and June 14, 2006.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 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

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
DOUGLAS R. STROUD  
BRIAN E. DANIELL  
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## OFFICES

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SULLIVAN  
GREENVILLE  
MATTOON

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #40's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2005 on our consideration of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 28A through 28F and 61 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 Regional Office of Education #40's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*West + Company, LLC*

September 20, 2005

**WEST & COMPANY, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #40's basic financial statements and have issued our report thereon dated September 20, 2005. 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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving internal control over financial reporting which is required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-03.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as items 05-01 and 05-02.

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*

September 20, 2005

**WEST & COMPANY, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

MEMBERS

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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 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, 2005. The Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's management. Our responsibility is to express an opinion on the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's compliance with those requirements.

In our opinion, the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 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, 2005. However, we noted certain immaterial instances of noncompliance which are required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as items 05-04 and 05-05.

### **Internal Control Over Compliance**

The management of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40 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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over compliance with major program requirements which are required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as items 05-04 and 05-05.

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*

September 20, 2005



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

---

**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
  
- Reportable condition(s) identified that are not considered to be material weakness(es)?        yes   X   none reported
  
- Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

- material weakness(es) identified?        yes   X   no
  
- Reportable condition(s) identified that are not considered to be material weakness(es)?        yes   X   none reported

Type of 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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

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**Section I -- Summary of Auditors' Results (concluded)**

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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.213C	Even Start
84.367A	Title II - Teacher Quality
84.002A	Adult Education and Family Literacy (Federal Basic)
84.184C	Title IV - Community Service

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

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section II - Financial Statement Findings**

**FINDING NO. 05-01 - Controls Over Compliance with Laws and Regulations**

**Criteria/Specific Requirement:**

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

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

**Condition:**

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

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

**Effect:**

The Regional Office of Education No. 40 did not comply with statutory requirements.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 05-01 - Controls Over Compliance with Laws and Regulations (Continued)**

**Cause:**

Before the Regional Superintendent signs off on the districts' Annual Financial Reports from each school district, they are thoroughly examined. The Regional Office also gets a spreadsheet from the ISBE that outlines all of the school districts and their audit exceptions. The Regional Office follows up on any exceptions and reports the corrective action to ISBE. The Regional Office of Education No. 40 feels this mandate is outdated and time would not allow them to examine each districts' books without putting a hardship on each district in allowing them to pay their bills in a timely manner.

**Auditors' Recommendation:**

The Regional Office of Education No. 40 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

**Management's Response:**

In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21st century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record and inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

We are grateful for the OAG's assistance in calling this to our collective attention because it provides the Regional Offices of Education with additional justification to request that the General Assembly delete this and other obsolete sections from the statutes. We will seek a legislative solution to this and other obsolete passages.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section II - Financial Statement Findings**

**FINDING NO. 05-02 – Inadequate Review of Journal Entries**

**Criteria/Specific Requirement:**

Adequate controls over compliance with laws, regulations, contracts, and grant agreements require supervisory review of expenditures charged to grant programs.

**Condition:**

The program directors prepare “Debit and/or Credit Authorization” forms directing the bookkeeping staff to make general journal entries allocating expenditures between various programs. The Regional Superintendent spot checks some general journal entries but does not review and approve all of them.

**Effect:**

Unallowable costs could be charged to grant program expenditures or errors in calculating allocations could be made and not be detected within a reasonable period of time.

**Cause:**

The Regional Superintendent did not realize the need for supervisory review of the general journal entries allocating expenditures to programs.

**Auditors’ Recommendation:**

The Regional Superintendent should review and approve all “Debit and/or Credit Authorization” forms along with supporting information documenting the allocation before the entries are posted to the accounting records.

**Management’s Response:**

All transfers are authorized by the Regional Superintendent.

Upon notification of this finding, internal controls were established by the Regional Office of Education. Training was provided to all appropriate departments.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section II - Financial Statement Findings**

**FINDING NO. 05-03 – Inadequate Internal Controls over Disbursement Process**

**Criteria/Specific Requirement:**

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

**Condition:**

In our testing of 60 disbursements, we noted the following:

- Authorization forms were not signed for mileage in 4 instances.
- Supporting documentation did not show the mileage calculation for payments to students attending classes in 2 instances.
- Contract information was missing for 1 employee.
- The date was missing on a handwritten check in 1 instance.
- Required payroll forms were missing for 1 employee.

**Effect:**

The lack of necessary calculations, supporting documents, and proper authorizations make it difficult to determine if the expenditures were allowable pursuant to grant provisions.

**Cause:**

- The lack of authorization for mileage was due to a misunderstanding between the Regional Superintendent and the Assistant Superintendent. The Assistant Superintendent reviewed the forms, while the Regional Superintendent signed the check. However, neither signed an authorization form.
- The missing mileage calculations were due to the director not realizing that the calculations were necessary.
- The contract information was not available since the employee was working without pay at the beginning of the year due to lack of funding. The Regional Office was eventually able to come up with the funding to pay him the same salary as in the prior year, but no new contract was prepared.
- The missing date was simply an oversight.
- The missing payroll forms were an oversight. The employees have been given new forms to prepare for the past two years, but this employee did not complete and return them.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 05-03 – Inadequate Internal Controls over Disbursement Process (Continued)**

**Auditors' Recommendation:**

The Regional Office of Education No. 40 should ensure that signed authorization forms and complete supporting documents are provided before payment of expenditures to prevent any unauthorized disbursements.

**Management's Response:**

Our office implemented authorization forms to ensure all directors were responsible for spending their budgets according to each line item.

All authorization forms are being filled out and signed by either the director of the program, the Regional Superintendent or the Assistant Regional Superintendent in a consistent manner.

All employee files have been checked to make sure all payroll information is properly documented.

Any handwritten check will be proofed to make sure all information is correct before the check is signed by the proper authority.



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section III - Federal Award Findings**

**FINDING NO. 05-04 - An expenditure report for an education fund did not agree to the general ledger (Repeat of 03-02 and 04-03)**

**Federal Program Name and Year:** Title IV - Community Service - 2004

**Project No.:** 04-4420-00

**CFDA No.:** 84.184C

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

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

**Criteria/Specific Requirement:**

Expenditure reports for education programs submitted to the Illinois State Board of Education should agree with the expenditures reported on the Regional Office of Education No. 40's general ledger.

**Condition:**

A comparison of the expenditure reports to the Regional Office of Education No. 40's general ledger revealed an instance where the totals on the final 2004 expenditure report did not agree with the Regional Office of Education No. 40's books by \$121, resulting in an inaccurate expenditure report.

**Questioned Cost:**

Title IV - Community Service    \$121

**Context:**

Submitted expenditure reports should agree to the general ledger in all cases. The expenditure report for the Title IV - Community Service program reported benefits and purchased services of \$1,271 and \$1,361, respectively, while the general ledger contained benefit and purchased services expenditures of only \$1,211 and \$1,300, respectively.

**Effect:**

The Regional Office of Education No. 40 filed an inaccurate expenditure report from which reimbursement was made.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section III - Federal Award Findings (Continued)**

**FINDING NO. 05-04 - An expenditure report for an education fund did not agree to the general ledger (Repeat of 03-02 and 04-03) (Continued)**

**Cause:**

The 2003 final expenditure report was incorrect. The Regional Office of Education No. 40 personnel thought that the expenditures not reported in 2003 should be reported on the 2004 expenditure report.

**Auditors' Recommendation:**

The Regional Office of Education No. 40 personnel responsible for the reports should compare their total expenditures to their general ledger accounts and make necessary corrections before filing the reports. The Regional Office of Education No. 40 personnel should also contact the Illinois State Board of Education to correct the final expenditure reports for the 2003 grant and the 2004 grant.

**Management's Response:**

The Illinois State Board of Education was contacted and our FY03 and FY04 expenditure reports were resubmitted.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section III - Federal Award Findings**

**FINDING NO. 05-05 - Expenditure requirements for a grant were not followed**

**Federal Program Name and Year:** Adult Education and Family Literacy (Federal Basic) - 2005

**Project No.:** 536 AB

**CFDA No.:** 84.002A

**Passed Through:** Illinois Community College Board

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

**Criteria/Specific Requirement:**

The Adult Education and Family Literacy (Federal Basic) grant must follow specific expenditure requirements, including a restriction on program support expenditures.

**Condition:**

A review of the 2005 expenditure report for Adult Education and Family Literacy (Federal Basic) revealed that the Regional Office of Education No. 40 exceeded the portion of expenditures allowed for program support. The requirement for the Adult Education and Family Literacy (Federal Basic) grant was that program support expenditures could not exceed 28% of adjusted total expenditures or \$15,467.

**Questioned Cost:**

Adult Education and Family Literacy (Federal Basic)      \$529

**Context:**

The Regional Office of Education No. 40 should be sure to follow all expenditure requirements. One requirement for the Adult Education and Family Literacy (Federal Basic) grant was that program support expenditures could not exceed 28% of adjusted total expenditures or \$15,467. The Regional Office of Education No. 40 reported program support expenditures of \$15,996.

**Effect:**

Although the Regional Office of Education No. 40 spent all funds, it had to refund \$529 to the Illinois Community College Board.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005**

**Section III - Federal Award Findings (Continued)**

**FINDING NO. 05-05 - Expenditure requirements for a grant were not followed (Continued)**

**Cause:**

The Regional Office of Education No. 40 personnel did not realize that the program support expenditures exceeded the limit until preparing the expenditure report.

**Auditors' Recommendation:**

The Regional Office of Education No. 40 personnel should monitor grants throughout the year to ascertain that expenditure requirements are being followed.

**Management's Response:**

The Director will be required to give the percentage breakdown of the budget to the bookkeeping department. This will allow another person to do a check and balance on the budget.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the year ended June 30, 2005**

**Corrective Action Plan**

**Finding No.: 05-01**

**Condition:**

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

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

**Plan:**

We will seek a legislative solution to this and other obsolete passages.

**Anticipated Date of Completion:**

On going

**Name of Contact Person:**

Larry Pfeiffer

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the year ended June 30, 2005**

**Corrective Action Plan**

**Finding No.:** 05-02

**Condition:**

The program directors prepare "Debit and/or Credit Authorization" forms directing the bookkeeping staff to make general journal entries allocating expenditures between various programs. The Regional Superintendent spot checks some general journal entries but does not review and approve all of them.

**Plan:**

All transfers are authorized by the Regional Superintendent.

Upon notification of this finding, internal controls were established by the Regional Office of Education. Training was provided to all appropriate departments.

**Anticipated Date of Completion:**

This finding was corrected upon notification of the finding.

**Name of Contact Person:**

Larry Pfeiffer

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the year ended June 30, 2005**

**Corrective Action Plan**

**Finding No.: 05-03**

**Condition:**

In our testing of 60 disbursements, we noted the following:

- Authorization forms were not signed for mileage in 4 instances.
- Supporting documentation did not show the mileage calculation for payments to students attending classes in 2 instances.
- Contract information was missing for 1 employee.
- The date was missing on a handwritten check in 1 instance.
- Required payroll forms were missing for 1 employee.

**Plan:**

Our office implemented authorization forms to ensure all directors were responsible for spending their budgets according to each line item.

All authorization forms are being filled out and signed by either the director of the program, the Regional Superintendent or the Assistant Regional Superintendent in a consistent manner.

All employee files have been checked to make sure all payroll information is properly documented.

Any handwritten check will be proofed to make sure all information is correct before the check is signed by proper authority.

**Anticipated Date of Completion:**

These findings were corrected immediately upon date of notification.

**Name of Contact Person:**

Larry Pfeiffer

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the year ended June 30, 2005**

**Corrective Action Plan**

**Finding No.: 05-04**

**Condition:**

A comparison of the expenditure reports to the Regional Office of Education No. 40's general ledger revealed an instance where the totals on the final 2004 expenditure report did not agree with the Regional Office of Education No. 40's books by \$121, resulting in an inaccurate expenditure report.

**Plan:**

The Illinois State Board of Education was contacted and our FY03 and FY04 expenditure reports were resubmitted.

**Anticipated Date of Completion:**

Fall 2005

**Name of Contact Person:**

Larry Pfeiffer



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the year ended June 30, 2005**

**Corrective Action Plan**

**Finding No.: 05-05**

**Condition:**

A review of the 2005 expenditure report for Adult Education and Family Literacy (Federal Basic) revealed that the Regional Office of Education No. 40 exceeded the portion of expenditures allowed for program support. The requirement for the Adult Education and Family Literacy (Federal Basic) grant was that program support expenditures could not exceed 28% of adjusted total expenditures or \$15,467.

**Plan:**

The Director will be required to give the percentage breakdown of the budget to the bookkeeping department. This will allow another person to do a check and balance on the budget.

**Anticipated Date of Completion:**

This will start with the FY06 school year.

**Name of Contact Person:**

Larry Pfeiffer

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2005**

<b>Finding Number</b>	<b>Condition</b>	<b>Current Status</b>
04-01	Noncompliance with Statutory Mandates.	Finding was not repeated
04-02	Late submission of expenditure reports.	Finding was not repeated
04-03	Two expenditure reports for Education Funds do not agree to the general ledger.	Repeated as finding 05-02

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2005**

The Regional Office of Education #40 for the Counties of Calhoun, Greene, Jersey, and Macoupin 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, 2005. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follows.

**2005 FINANCIAL HIGHLIGHTS**

- Within the Governmental Funds, the General Fund revenues decreased by \$905 from \$577,555 in fiscal year 2004 to \$576,650 in fiscal year 2005. General Fund expenditures decreased by \$15,846 from \$608,450 in FY04 to \$592,604 in FY05.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$21,772 from \$1,006,633 in FY04 to \$1,028,405 in FY05. The Special Revenue Fund expenditures decreased by \$2,975 from \$1,060,346 in FY04 to \$1,057,371 in FY05.
- During FY05, two funds, Administrators' Academy and Early Childhood Math, were reclassified from Special Revenue Funds to Proprietary Funds.

**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 #40 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 the financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The Government-wide financial statements present the Office's activities as governmental activities and business-type activities. Local, State, and federal aid 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 which allows the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #40 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Governmental funds account for most 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 required governmental funds' financial statements include a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

- 2) Proprietary funds, namely, Administrators Academy and Early Childhood Math, are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

The required proprietary funds' financial statements include the Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

- 3) Fiduciary funds are used to account for assets held by the Regional Office of Education #40 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

**OFFICE-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 FY05 totaled approximately \$304,570. At the end of FY04, the net assets were approximately \$364,674. The analysis that follows provides a summary of the Office's net assets at June 30, 2005.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current Assets	\$ 478,539	\$ 304,077	\$ 22,189	\$ -	\$ 500,728	\$ 304,077
Capital Assets, net	51,435	65,580	-	-	51,435	65,580
TOTAL ASSETS	<u>529,974</u>	<u>369,657</u>	<u>22,189</u>	<u>-</u>	<u>552,163</u>	<u>369,657</u>
Current Liabilities	247,507	4,983	86	-	247,593	4,983
TOTAL LIABILITIES	<u>247,507</u>	<u>4,983</u>	<u>86</u>	<u>-</u>	<u>247,593</u>	<u>4,983</u>
Net Assets:						
Invested in Capital Assets, net of related debt	51,435	65,580	-	-	51,435	65,580
Unrestricted	231,032	299,094	22,103	-	253,135	299,094
TOTAL NET ASSETS	<u>\$ 282,467</u>	<u>\$ 364,674</u>	<u>\$ 22,103</u>	<u>\$ -</u>	<u>\$ 304,570</u>	<u>\$ 364,674</u>

The Regional Office of Education's net assets decreased by \$60,104 from FY04.

Governmental activities decreased the net assets of the Regional Office of Education #40 by \$59,065, thereby accounting for 98 percent of the total decrease in net assets for FY05.

Business-type activities decreased the net assets of the Regional Office of Education #40 by \$1,039, accounting for 2 percent of the total decrease in net assets for FY05.

The 2005 beginning net assets do not agree to the 2004 ending net assets due to the reclassification of two funds from governmental activities to business-type activities. See Note 18 on page 60 for further information about the reclassification.

CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 15,103	\$ -	\$ 15,103	\$ -
Operating grants & contributions	987,022	958,502	-	-	987,022	958,502
General revenues:						
Local sources	278,556	278,958	-	-	278,556	278,958
On-behalf payments - Local	100,138	104,616	-	-	100,138	104,616
On-behalf payments - State	236,926	239,499	-	-	236,926	239,499
Interest	2,413	2,613	-	-	2,413	2,613
<b>TOTAL REVENUES</b>	<b>1,605,055</b>	<b>1,584,188</b>	<b>15,103</b>	<b>-</b>	<b>1,620,158</b>	<b>1,584,188</b>
<b>Expenses:</b>						
Program expenses:						
Instructional services:						
Salaries and benefits	857,351	854,645	-	-	857,351	854,645
Purchased services	325,030	297,080	-	-	325,030	297,080
Supplies and materials	95,701	132,056	-	-	95,701	132,056
Payments to other governments	6,775	1,183	-	-	6,775	1,183
Other objects	17,251	10,013	-	-	17,251	10,013
Depreciation	24,948	48,616	-	-	24,948	48,616
Administrative expenses:						
On-behalf payments - Local	100,138	104,616	-	-	100,138	104,616
On-behalf payments - State	236,926	239,499	-	-	236,926	239,499
Business-type expenses	-	-	16,142	-	16,142	-
<b>TOTAL EXPENSES</b>	<b>1,664,120</b>	<b>1,687,708</b>	<b>16,142</b>	<b>-</b>	<b>1,680,262</b>	<b>1,687,708</b>
Changes in Net Assets	(59,065)	(103,520)	(1,039)	-	(60,104)	(103,520)
Net Assets, beginning of year	341,532	468,194	23,142	-	364,674	468,194
Net Assets, end of year	\$ 282,467	\$ 364,674	\$ 22,103	\$ -	\$ 304,570	\$ 364,674

## **FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION #40 FUNDS**

As previously noted, the Regional Office of Education #40 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$231,032 for FY05, compared to \$299,094 for FY04.

### **Governmental Fund Highlights:**

- The ROE/ISC Operations grant was increased \$13,518 in FY05. The Regional Office of Education #40 was allotted \$89,782 and recorded revenue of \$78,941 from the FY05 Regional System of Support Providers Grant which helped make up the loss the Regional Office received when the ROE/ISC Operations grant was decreased in FY04.
- Macoupin County Board support of the Regional Office of Education #40 had a budget of \$85,000 for the period of September 1, 2004 through August 31, 2005. In June 2005, the budget was increased to \$100,650 to keep the Office operational, pay rent, salaries, benefits, office supplies, and equipment. The Regional Office of Education #40 reimbursed the Macoupin County General Fund the difference of \$15,650 in June 2005.
- Our Tri-Counties consisting of Calhoun, Greene, and Jersey Counties support of the Regional Office of Education #40 budgeted \$58,575 for FY05, but only \$49,817 was received. One county still owes two payments totaling \$8,757, which we do not expect to receive.
- The state aid foundation level used to calculate the state aid received in FY05 increased to \$4,964 per student from \$4,810 per student in the prior year.

### **Budgetary Highlights:**

The Regional Office of Education #40 did not adopt annual budgets, nor are they legally required to, for all funds under its control. The Regional Superintendent annually prepares an Office Operation Budget and submits it to the four County Boards for their approval. The Macoupin County Budget covers a fiscal year which runs from September 1 through August 31, while the Tri-County Budget, which consists of budgets for Calhoun, Greene, and Jersey Counties, runs from December 1 through November 30. Since these budgets are not based on the same operating period as the Regional Office, they are not presented.

Budgetary reports are presented for certain programs funded by the Illinois State Board of Education and the Illinois Community College Board. These budgets must be prepared and submitted to the awarding agencies for approval. Over the course of the year, the Regional Office 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 and supplies needed. Schedules showing the original budgets and final grant budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information section of this report.



The ROE/ISC Operations Grant, reported as a part of the General Fund, had variations between the original and final budget amounts. The budget was amended after our Office was awarded monies from another grant to defray the cost of salaries and benefits. The purchased services line item was increased to pay for contractual technology support, presenter's fees and mileage. Contractual technology was added after our employees hired for technology resigned from our Office. They were paid from a grant that was no longer available. The actual amounts expended for salaries and benefits, purchased services, and supplies and materials were higher than the final budget by \$13,259. The Regional Office of Education #40 is spending around \$13,174 more than its revenues in this fund to reduce the fund balance, which was \$23,732 at June 30, 2004. The fund balance accumulated from local funds received, but not expended, in prior years.

The Reading Improvement Block Grant variation between the original and final budget amount was due to an increase in grant funding of \$5,000 for the purchased services line item.

The Adult Education Public Assistance Grant received \$12,600 in extra grant funds that was not included in the original grant budget. These extra funds were used to pay capital outlay expenditures.

### **Capital Assets**

Capital Assets of the Regional Office of Education #40 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #40 maintains an inventory of capital assets which have been accumulated over time. The increase for FY05 was \$10,803, which includes Panda Antivirus Software, Testing Equipment, Adult Education 2001 Chevrolet van, and a Dell Processor.

### **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 has increased to \$5,060 per student.
- Several grants have remained near or will remain at previous levels. In addition, the School Services grant, TAOEP grant, and RESPRO grant have been reduced, and the Reading Block grant has been eliminated.

### **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 at the Regional Office of Education #40, 220 North Broad Street, Carlinville, IL 62626.

**BASIC FINANCIAL STATEMENTS**

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF NET ASSETS  
June 30, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 382,948	\$ 22,189	\$ 405,137
Due from other governments	95,591	-	95,591
Total current assets	478,539	22,189	500,728
Noncurrent assets:			
Capital assets, net	51,435	-	51,435
Total assets	529,974	22,189	552,163
<b>LIABILITIES</b>			
Current liabilities:			
Cash overdraft	10,987	-	10,987
Accounts payable	306	-	306
Payroll liabilities payable	68,349	86	68,435
Claims payable	10,000	-	10,000
Due to other governments	1,605	-	1,605
Deferred revenue	156,260	-	156,260
Total current liabilities	247,507	86	247,593
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	51,435	-	51,435
Unrestricted	231,032	22,103	253,135
Total net assets	\$ 282,467	\$ 22,103	\$ 304,570

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2005**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>FUNCTIONS/PROGRAMS</b>						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 857,351	\$ -	\$ 644,541	\$ (212,810)	\$ -	\$ (212,810)
Purchased services	325,030	-	244,352	(80,678)	-	(80,678)
Supplies and materials	95,701	-	71,946	(23,755)	-	(23,755)
Capital outlay	-	-	8,121	8,121	-	8,121
Payments to other governments	6,775	-	5,093	(1,682)	-	(1,682)
Other objects	17,251	-	12,969	(4,282)	-	(4,282)
Depreciation	24,948	-	-	(24,948)	-	(24,948)
Administrative:						
On-behalf payments - Local	100,138	-	-	(100,138)	-	(100,138)
On-behalf payments - State	236,926	-	-	(236,926)	-	(236,926)
Total governmental activities	1,664,120	-	987,022	(677,098)	-	(677,098)
Business-type activities:						
Other	16,142	15,103	-	-	(1,039)	(1,039)
Total primary government	\$ 1,680,262	\$ 15,103	\$ 987,022	\$ (677,098)	\$ (1,039)	\$ (678,137)
General revenues:						
Local sources				278,556	-	278,556
On-behalf payments - Local				100,138	-	100,138
On-behalf payments - State				236,926	-	236,926
Interest				2,413	-	2,413
Total general revenues				618,033	-	618,033
Changes in net assets				(59,065)	(1,039)	(60,104)
Net assets - beginning				341,532	23,142	364,674
Net assets - ending				\$ 282,467	\$ 22,103	\$ 304,570

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 111,911	\$ 197,422	\$ 73,615	\$ 382,948
Due from other funds	66,906	-	4,869	71,775
Due from other governments	-	95,591	-	95,591
<b>Total assets</b>	<b><u>\$ 178,817</u></b>	<b><u>\$ 293,013</u></b>	<b><u>\$ 78,484</u></b>	<b><u>\$ 550,314</u></b>
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ 10,987	\$ -	\$ 10,987
Accounts payable	239	67	-	306
Payroll liabilities payable	6,662	55,524	6,163	68,349
Claims payable	-	5,000	5,000	10,000
Due to other funds	-	71,775	-	71,775
Due to other governments	-	1,605	-	1,605
Deferred revenue	-	145,650	10,610	156,260
<b>Total liabilities</b>	<b><u>6,901</u></b>	<b><u>290,608</u></b>	<b><u>21,773</u></b>	<b><u>319,282</u></b>
<b>FUND BALANCES</b>				
Unreserved, reported in:				
General fund	171,916	-	-	171,916
Special revenue funds	-	2,405	56,711	59,116
<b>Total fund balances</b>	<b><u>171,916</u></b>	<b><u>2,405</u></b>	<b><u>56,711</u></b>	<b><u>231,032</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 178,817</u></b>	<b><u>\$ 293,013</u></b>	<b><u>\$ 78,484</u></b>	<b><u>\$ 550,314</u></b>

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
June 30, 2005**

Total fund balances - governmental funds	\$ 231,032
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>51,435</u>
Net assets of governmental activities	<u><u>\$ 282,467</u></u>

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the year ended June 30, 2005**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 169,210	\$ 32,064	\$ 77,282	\$ 278,556
State sources	68,443	484,030	102,759	655,232
Federal sources	-	316,900	14,890	331,790
On-behalf payments	337,064	-	-	337,064
Interest	1,933	240	240	2,413
<b>Total revenues</b>	<b>576,650</b>	<b>833,234</b>	<b>195,171</b>	<b>1,605,055</b>
<b>Expenditures:</b>				
Education:				
Salaries and benefits	119,512	647,565	90,274	857,351
Purchased services	113,072	132,517	79,441	325,030
Supplies and materials	21,001	58,058	16,642	95,701
Capital outlay	1,104	9,699	-	10,803
Payments to other governments	88	6,687	-	6,775
Other objects	763	5,000	11,488	17,251
On-behalf payments	337,064	-	-	337,064
<b>Total expenditures</b>	<b>592,604</b>	<b>859,526</b>	<b>197,845</b>	<b>1,649,975</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(15,954)</b>	<b>(26,292)</b>	<b>(2,674)</b>	<b>(44,920)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	1,797	16	1,813
Transfers out	(208)	-	(1,605)	(1,813)
<b>Total other financing sources (uses)</b>	<b>(208)</b>	<b>1,797</b>	<b>(1,589)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(16,162)</b>	<b>(24,495)</b>	<b>(4,263)</b>	<b>(44,920)</b>
Fund balances, beginning of year	188,078	26,900	60,974	275,952
Fund balances, end of year	<u>\$ 171,916</u>	<u>\$ 2,405</u>	<u>\$ 56,711</u>	<u>\$ 231,032</u>

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**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, 2005**

Net change in fund balances \$ (44,920)

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	10,803	
Depreciation expense	<u>(24,948)</u>	<u>(14,145)</u>

Change in net assets of governmental activities \$ (59,065)

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



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

**June 30, 2005**

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Other Enterprise Funds</u>
ASSETS	
Cash	\$ 22,189
LIABILITIES	
Payroll liabilities	<u>86</u>
NET ASSETS	<u><u>\$ 22,103</u></u>

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS**

**For the year ended June 30, 2005**

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Other Enterprise Funds</u>
Operating revenues:	
Charges for services	<u>\$ 15,103</u>
Operating expenses:	
Salaries and benefits	4,836
Purchased services	7,109
Supplies and materials	<u>4,197</u>
Total operating expenses	<u>16,142</u>
Operating income (loss)	<u>(1,039)</u>
Change in net assets	(1,039)
Total net assets - beginning	<u>23,142</u>
Total net assets - ending	<u><u>\$ 22,103</u></u>

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2005**

	Business-Type Activities <u>Enterprise Funds</u> <u>Other Enterprise Funds</u>
Cash flows from operating activities:	
Collection of fees	\$ 15,103
Payment to suppliers and providers of goods and services	(11,306)
Payment to employees	<u>(4,750)</u>
Net cash provided by (used for) operating activities	<u>(953)</u>
Net increase (decrease) in cash and cash equivalents	(953)
Cash and cash equivalents - beginning	<u>23,142</u>
Cash and cash equivalents - ending	<u><u>\$ 22,189</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (1,039)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase in payroll liabilities payable	<u>86</u>
Net cash provided by (used for) operating activities	<u><u>\$ (953)</u></u>

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2005**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	<u>\$ 2,333</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 2,333</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education #40's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education #40 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Calhoun, Greene, Jersey and Macoupin 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 ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring 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 #40 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 #40 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 #40's financial statements. In addition, the Regional Office of Education #40 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #40 being considered a component unit of the entity.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. 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*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40

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 #40 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. This fund is available to pay general and administrative expenditures of the Regional Office of Education #40. Included among these funds are:

**Administrative Fund** – This fund is the general operating fund of the Regional Office of Education #40. It is used to account for all financial resources except those required to be accounted for in another fund.

**Testing Center** – The Regional Testing Program purchases, maintains and circulates an inventory of testing materials to administer the Iowa Test of Basic Skills and the Cognitive Ability Test to the school districts of the region for all grade levels.

**Jerseyville Office Account** – Accounts for operations at the Jerseyville Regional Office Education #40 office.

**ROE/ISC Operations** – Accounts for grant monies received and the payment of assistance in all areas of school improvement.

**Direct Services Fund** – This fund is used for student testing and cooperative services conducted through the Regional Office of Education #40 for the benefit of member districts.

**Regional Initiative Fund** – This fund is utilized for special regional initiatives with the consent and approval of the Macoupin County district superintendents.

**Plaza Repair/Maintenance** – This fund is a temporary account set up to track building improvement expenses which are reimbursed by the landlord.

**Education** – These Special Revenue Funds account for the State and federal grant monies received for administration and payment of numerous grant awards for education which include:

**Truants Alternative/Optional Education** – Accounts for grant monies received for providing truancy prevention programming and monitoring of truants.

**Mini Grants** – Provides funds to increase student academic achievement by evaluating teacher and principal quality and to support reform efforts aimed at improving education. This fund includes the following programs: Title II – Teacher Quality (05-4932-00) and Title V – Innovative Programs (05-4100-00).



CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Regional Safe Schools – Enrolls at-risk students who are eligible for suspension or expulsion from their home school districts. The purpose of the program is to keep students on track academically while providing them with the strategies necessary for improving their pro-social skills. This fund receives Regional Safe Schools State Aid, which is General State Aid from the Illinois State Board of Education based on the average daily attendance at the Safe School.

Title II - Coop – Accounts for workshops for teachers in areas of math, science, and technology.

Title II - Teacher Quality – Accounts for a coop of schools' funds to provide teacher activities, conferences, and workshops in the areas of math and science.

Title IV - Community Service – Helps students improve academic learning and develop personal skills through structured service projects that meet community needs, thereby developing personal and social responsibility among participants.

Adult Education - Performance – Enhances the educational opportunities for Adult Education students by empowering them through responsible learning experiences.

Adult Education - State Basic – Used to empower learners by raising their awareness of the importance of education and training through increasing their learning skills, their knowledge of themselves, their relationship to their communities, and their workplace awareness.

Adult Education - Public Assistance – Increases students' learning potential with the intent that they will raise their skills to become more employable and find regular employment, thereby removing them from the public aid rolls.

National School Lunch – Used to account for the monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

**Adult Education - Federal Basic** – Awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency; to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children; and to assist adults in completing a secondary school education.

**K-6 Reading** – Provides instructional materials and workshops in reading comprehension, critical thinking, and vocabulary instruction for two teachers from each school district in the region.

**Even Start** – Creates a comprehensive network of resources, agencies, and individuals linked together by Even Start to provide a system to meet the educational, social, emotional, physical, and financial needs of at-risk families.

**Title I - Reading First** – Provides Reading First academics and follow up sessions for Reading First academics to area schools. Monies are also allotted to provide grant writing workshops to those districts eligible to be “Reading First Schools” due to not meeting No Child Left Behind guidelines.

**Regional System of Support Provider (RESPRO)** – Provides comprehensive programs, interventions, and services to school districts that have not made adequate yearly progress according to No Child Left Behind (NCLB) guidelines. This grant is federally funded through NCLB.

**It's Real Grant** – Provides professional staff development to infuse technology into the curriculum using the Inquiry Based Learning Process, with the objective of demonstrating improvement in student test scores.

**Math - Contract State** – Designed to provide workshops to introduce teachers to Illinois Math Performance Descriptors.

**Mathematics and Science Partnerships** – Provides in-service training for math and science teachers of grades four through twelve. The content focus relates the math and science content to the current Illinois Learning Standards.

**Reading Improvement Block** – Provides ongoing training for teachers through scientifically based research combined with best practices. The purpose is to improve reading instruction and achievement of children in grades kindergarten through sixth.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40

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 nonmajor governmental funds:

**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. Included among these funds are:

**Film Coop** – Maintains and provides educational videos to member school districts in return for an assessment based on district enrollment.

**General Education Development** – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred.

**Seventh Judicial Family Violence** – Provides instruction for violence in the school districts.

**Standards Alignment** – Creates and supports ongoing learning teams focused on alignment of classroom level assessment and instruction.

**Bus Driver** – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

**Institute** – Accounts for the stewardship of the assets held in trust for the benefit of teachers. The money is used to provide institutes, conferences, and workshops.

**Leaders in Technology Enhanced Schools Fund** – Accounts for funds received for elementary schools for staff development, hardware, software, and regional office support and training. Computers and technology are used as learning tools for students, and support and training for teachers.

**Olympiad Fund** – Accounts for a four-day event involving gifted students using activities designed directly applicable to the State Learning Standards. These activities are intended to challenge students to exercise higher level intellectual skills and talents.

**Alternative Schools** – Accounts for funds received to educate, serve, and support students at no cost to the students in an effort to improve the quality of life of high school dropouts. The funds are used to provide basic skills, obtain high school credit, or prepare for the GED test.

**Trustee** – Deals with the issue of detachments and annexation of territory from one school district to another.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special Revenue Funds (Continued)

Supervisory – Proceeds provided by the Illinois State Board of Education to the Regional Superintendent for travel and related purposes.

The government reports the following nonmajor proprietary funds:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included among these funds are:

Early Childhood Math – Accounts for staff development for teachers of PreK-2 in the Best Practices of math instruction in the classroom. This is aligned with the Illinois Learning Standards.

Administrators' Academy – Accounts for the process by which local school administrators meet the legislated requirement for training and by which administrators may improve their skills in instructional and administrative leadership.

Additionally, the government reports the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the Regional Office of Education #40 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 – Accounts for monies received from the State through the Illinois Funds for disbursement to other governments or funds.

Illinois Valley Regional Vocational Education System – Accounts for the assets held in trust for the benefit of the Illinois Regional Vocational Education System.

Macoupin County Regional Vocational Education Delivery System – Accounts for the assets held in trust for the benefit of the Macoupin County Regional Vocational Education Delivery System.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**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 both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

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

**1. Cash and Investments**

The Regional Office of Education #40 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of less than three months to be cash and cash equivalents. State regulations require that Regional Office of Education #40 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #40 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."

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**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 one year. 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.

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

<u>Assets</u>	<u>Years</u>
Equipment and furniture	3-10
Building improvements	10-15

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**

Employees earn vacation days after completing a full year of service. These vacation days must be taken within a reasonable amount of time or are lost. Employees hired for less than a twelve month position do not accumulate paid vacation time.

Employees receive one sick day for each month of employment and the unused portion is accumulated and carried forward. Upon termination, employees do not receive any sick leave pay. Thus, employee sick leave is recorded when paid.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**5. Equity Classifications**

**Government-wide Statements**

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

**Investment in capital assets, net of related debt** – 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, net of related debt.”

**Fund Statements**

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

**E. New Accounting Pronouncement**

The GASB has issued Statement No. 40, *Deposit and Investment Risk Disclosures*, effective for the Regional Office of Education #40’s fiscal year beginning July 1, 2004. Statement No. 40 establishes additional disclosure requirements addressing common risks of investments. The Statement had no effect on the Regional Office of Education #40’s net assets or changes in net assets.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. 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 a reconciliation between *net change in fund balances – governmental funds* and *change 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 \$14,145 difference are as follows:

Capital outlay	\$ 10,803
Depreciation expense	<u>(24,948)</u>
Net adjustment to decrease net changes in fund balances - governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (14,145)</u>

**3. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education #40 did not adopt annual budgets, nor are they legally required to, 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 for approval 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. Budgets relating to programs funded by grants from the Illinois Community College Board must also be prepared and submitted for approval. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education or the Illinois Community College Board: ROE/ISC Operations, Truants Alternative/Optional Education, Title II - Teacher Quality, Title V - Innovative Programs, Regional Safe Schools, Title IV – Community Service, Adult Education - Performance, Adult Education - State Basic, Adult Education - Public Assistance, Adult Education - Federal Basic, Even Start, Title I - Reading First, Mathematics and Science Partnerships, and Reading Improvement Block.

**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.



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**5. DEPOSITS**

At June 30, 2005, the carrying amounts of the Regional Office of Education #40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$371,961, \$22,189, and \$2,333, respectively. The bank balances for the governmental and business-type activities totaled \$461,608, while the bank balances for the fiduciary funds totaled \$20,317. Of the total bank balance as of June 30, 2005, \$203,776 was secured by federal depository insurance and \$278,149 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #40's name.

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Building improvements	\$ 17,130	\$ -	\$ -	\$ 17,130
Equipment and furniture	<u>183,924</u>	<u>10,803</u>	<u>-</u>	<u>194,727</u>
Total capital assets being depreciated	<u>201,054</u>	<u>10,803</u>	<u>-</u>	<u>211,857</u>
Less accumulated depreciation for:				
Building improvements	(3,733)	(1,245)	-	(4,978)
Equipment and furniture	<u>(131,741)</u>	<u>(23,703)</u>	<u>-</u>	<u>(155,444)</u>
Total accumulated depreciation	<u>(135,474)</u>	<u>(24,948)</u>	<u>-</u>	<u>(160,422)</u>
Governmental activities capital assets, net	<u>\$ 65,580</u>	<u>\$ (14,145)</u>	<u>\$ -</u>	<u>\$ 51,435</u>

Depreciation expense was charged to functions/programs of Regional Office of Education #40 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 24,948</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**7. RETIREMENT FUND COMMITMENTS**

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

The Regional Office of Education #40 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 through June 30, 2005 was 9 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 0.5 percent during the year ended June 30, 2005, and the member THIS Fund health insurance contribution was 0.75 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #40's TRS-covered employees.

*On-Behalf Contributions* - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #40. For the year ended June 30, 2005, State of Illinois contributions were based on 11.76 percent of creditable earnings, and the Regional Office of Education #40 recognized revenue and expenditures of \$50,136 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2004, and June 30, 2003, the State of Illinois contribution rates as percentages of creditable earnings were 13.98 percent (\$54,799) and 13.01 percent (\$56,446), respectively.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

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

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

The Regional Office of Education #40 makes three other types of employer contributions directly to TRS.

*2.2 Formula Contributions* - For the years ended June 30, 2005, and June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the years ending June 30, 2005, and June 30, 2004 were \$2,473 and \$2,273.

For the year ended June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. Contributions for the year ended June 30, 2003 were \$780.

*Federal and Trust Fund Contributions* - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #40, there is a statutory requirement for the Regional Office of Education #40 to pay an employer pension contribution from those funds. For the three years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year end June 30, 2005, salaries totaling \$104,274 were paid from federal and trust funds that required employer contributions of \$10,948. For the years ended June 30, 2004 and June 30, 2003, required employer contributions were \$5,861 and \$6,718, respectively.

*Early Retirement Option* - The Regional Office of Education #40 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. No member or employer contributions are required if the member has 34 years of service.

The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. The Regional Office of Education #40 paid no employer contributions under the Early Retirement Option for the year ended June 30, 2005. For the years ended June 30, 2004 and June 30, 2003, the Regional Office of Education #40 made no contributions to the Early Retirement Option.

Public Act 94-0004, which was signed into law on June 1, 2005, contained a number of provisions affecting employer and active member contributions. Most will not be effective or impact financial statements until the year ending June 30, 2006. The changes are summarized below:

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

*Active member contributions* - The active member contribution rate will increase from the current 9.0 percent of creditable earnings to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.

*State/federal contributions* - Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the State. Under Public Act 94-0004, the State contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.50 percent.

*New employer contributions*

*Salary increases over 6 percent* - If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.

*Sick leave in excess of normal allotment* - If employers grant sick leave near retirement in excess of the normal annual allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.

*Early Retirement Option* - In addition to changes described above, the following changes were made to ERO:

Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.

The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.

A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired on June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007.

Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

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

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

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, 2004. The report for the year ended June 30, 2005, is expected to be available in late 2005.

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

**B. Illinois Municipal Retirement Fund**

The Regional Office of Education #40'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. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #40 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 1.01 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, 2004 was 2 years.

For December 31, 2004, the Regional Office of Education #40's annual pension cost of \$2,692 was equal to the Regional Office of Education #40's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**Trend Information**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2004	\$ 2,692	100%	\$ -
12/31/2003	19,934	100%	-
12/31/2002	23,026	100%	-
12/31/2001	28,315	100%	-
12/31/2000	21,890	100%	-
12/31/1999	16,841	100%	-
12/31/1998	18,507	100%	-
12/31/1997	15,694	100%	-
12/31/1996	9,003	100%	-
12/31/1995	2,478	100%	-

**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.

**C. 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.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**8. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2005, interfund receivables and payables were as follows:

<u>Due To (Receivable)</u>	<u>Due From (Payable)</u>	<u>Balance at June 30, 2005</u>
General Fund:	Education Fund:	
Testing Center	Regional System of Support Provider	\$ 18,385
Direct Services	Regional System of Support Provider	48,521
		66,906
Nonmajor Governmental Fund:	Education Fund:	
Olympiad Fund	Regional System of Support Provider	4,869
		\$ 71,775

The interfund balances between the General Fund and the Education Fund, as well as the balance between the Nonmajor Governmental Fund and the Education Fund, are within the same pooled cash account. The amounts are cash balances borrowed from the General Fund and Nonmajor Governmental Fund by the Education Fund.

**9. BOND**

The 105 ILCS 5/3-2 directs the Regional Office of Education #40 to execute a bond of not less than \$100,000 on the regional superintendent. The Regional Office of Education #40 has secured and maintained such a bond with coverage of \$100,000 on the regional superintendent.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**10. ON-BEHALF PAYMENTS**

The Regional Office of Education #40 has received on-behalf payments for employee salaries and benefits from the following governmental entities:

Macoupin County:	
Office salaries and benefits	\$ 67,646
Purchased services	<u>32,492</u>
Macoupin County total	<u>100,138</u>
State of Illinois:	
Regional Superintendent - salary	84,737
Regional Superintendent - benefits (includes State paid insurance)	10,167
Assistant Regional Superintendent - salary	76,263
Assistant Regional Superintendent - benefits (includes State paid insurance)	15,623
TRS pension contributions	<u>50,136</u>
State of Illinois total	<u>236,926</u>
	<u><u>\$ 337,064</u></u>

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

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

**11. RISK MANAGEMENT – CLAIMS AND JUDGMENTS**

The Regional Office of Education #40 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 #40 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**12. CONTINGENCIES**

The Regional Office of Education #40 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 #40 believes that any adjustments that may arise will be insignificant to Regional Office of Education #40 operations.



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**13. OPERATING LEASES**

During fiscal year ended June 30, 2004, the Regional Office of Education #40 entered into a lease agreement for the building located at Carlinville Plaza, Route 4, Space #9, Carlinville, Illinois. This lease calls for monthly payments of \$1,815 from July 1, 2003 to June 30, 2008.

For financial accounting purposes, this lease is considered an operating lease.

Future minimum payments are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2006	\$ 21,774
2007	21,774
2008	<u>21,774</u>
	<u>\$ 65,322</u>

**14. DUE TO/FROM OTHER GOVERNMENTS**

The Regional Office of Education #40's Agency Funds and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments

Illinois State Board of Education	\$ 10,477
Illinois Community College Board	12,600
St. Clair County ROE	<u>72,514</u>
Total	<u>\$ 95,591</u>

Due To Other Governments

Illinois Community College Board	\$ 1,605
Macoupin County Regional Vocational Education Delivery System	<u>2,333</u>
Total	<u>\$ 3,938</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**15. SCHEDULE OF TRANSFERS**

Transfers From Other Funds (Transfers In)	Transfers To Other Funds (Transfers Out)
Education Fund:	General Fund:
Truants Alternative/Optional Ed.      \$      47	Regional Initiative Fund                      \$      47
Regional Safe Schools                              81	Regional Initiative Fund                              81
Title IV - Community Service                      3	Regional Initiative Fund                              3
Even Start    41	Regional Initiative Fund                              41
Title I - Reading First                              20	Regional Initiative Fund                              20
Nonmajor Governmental Fund:	General Fund:
Alternative Schools                                      16	Regional Initiative Fund                              16
Education Fund:	Nonmajor Governmental Fund:
Adult Education - State Basic                      433	Alternative Schools                                      433
Adult Education - Public Assistance              643	Alternative Schools                                      643
Adult Education - Federal Basic                  529	Alternative Schools                                      529
\$    1,813	\$    1,813

Transfers from the General Fund Accounts to the Education Fund Accounts and Nonmajor Governmental Fund were reallocations of interest. Transfers from the Nonmajor Governmental Fund to the Education Fund were for payments of refunds to the Illinois Community College Board.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**16. DEFICIT FUND BALANCES**

The following individual funds carried the following deficit balances as of June 30, 2005:

Plaza Repair/Maintenance	\$ 255
Administrative Fund	\$ 3,366
Adult Education - Performance	\$ 1
Adult Education - Public Assistance	\$ 1,857
Adult Education - Federal Basic	\$ 1,669
Regional System of Support Provider	\$ 1,037

The Regional Office of Education #40 intends to reduce these deficits by reducing expenditures in future periods.

**17. LITIGATION**

During the fiscal year ended June 30, 2005, the Regional Office of Education #40 was involved in a lawsuit concerning an alleged violation of the Family and Medical Leave Act. The Regional Office of Education #40 offered a settlement, and the liability is estimated to be \$10,000. This amount has been accrued in the financial statements as claims payable, in accordance with Statement of Financial Accounting Standards No. 5.

**18. RECLASSIFICATIONS**

The Regional Office of Education #40 reclassified two of its funds, one from the Education Fund and one from the Nonmajor Governmental Funds, as Enterprise Funds. Therefore, beginning net assets and fund balances have been reclassified as follows:

	Governmental Activities	Business-Type Activities	
Net assets at June 30, 2004	\$ 364,674	\$ -	
Reclassification adjustments	(23,142)	23,142	
Net assets restated at June 30, 2004	\$ 341,532	\$ 23,142	
	Education Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds
Fund balance at June 30, 2004	\$ 50,274	\$ 60,742	\$ -
Reclassification adjustments	(23,374)	232	23,142
Fund balance restated at June 30, 2004	\$ 26,900	\$ 60,974	\$ 23,142

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**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)
12/31/2004	\$ 317,713	\$ 322,983	\$ 5,270	98.37%	\$ 266,536	1.98%
12/31/2003	344,318	325,480	(18,838)	105.79%	297,517	0.00%
12/31/2002	363,580	306,886	(56,694)	118.47%	334,677	0.00%
12/31/2001	291,099	265,229	(25,870)	109.75%	347,001	0.00%
12/31/2000	257,387	241,048	(16,339)	106.78%	230,904	0.00%
12/31/1999	197,974	199,259	1,285	99.36%	174,167	0.74%
12/31/1998	144,909	156,778	11,869	92.43%	172,482	6.88%
12/31/1997	127,049	140,208	13,159	90.61%	134,216	9.80%
12/31/1996	89,662	107,723	18,061	83.23%	102,540	17.61%
12/31/1995	44,046	75,764	31,718	58.14%	35,810	88.57%

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$318,713. On a market basis, the funded ratio would be 98.68%.

**Digest of Changes:**

The actuarial assumptions used to determine the actuarial accrued liability for 2004 are based on the 1999-2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For regular members, fewer normal and early retirements are expected to occur.

**SUPPLEMENTAL INFORMATION**

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2005**

	Administrative Fund	Testing Center	Jerseyville Office Account
<b>ASSETS</b>			
Cash	\$ 2,010	\$ -	\$ 47,825
Due from other funds	-	18,640	-
	<u>\$ 2,010</u>	<u>\$ 18,640</u>	<u>\$ 47,825</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 239
Payroll liabilities payable	5,376	-	475
Due to other funds	-	-	5,357
	<u>5,376</u>	<u>-</u>	<u>6,071</u>
<b>FUND BALANCES</b>			
Unreserved	<u>(3,366)</u>	<u>18,640</u>	<u>41,754</u>
	<u>\$ 2,010</u>	<u>\$ 18,640</u>	<u>\$ 47,825</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)**

**GENERAL FUND**

**June 30, 2005**

	ROE/ISC Operations	Direct Services	Regional Initiative Fund
<b>ASSETS</b>			
Cash	\$ 6,041	\$ -	\$ 56,035
Due from other funds	5,357	48,521	-
Total assets	\$ 11,398	\$ 48,521	\$ 56,035
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities payable	811	-	-
Due to other funds	-	-	-
Total liabilities	811	-	-
<b>FUND BALANCES</b>			
Unreserved	10,587	48,521	56,035
Total liabilities and fund balances	\$ 11,398	\$ 48,521	\$ 56,035



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)**

**GENERAL FUND**

**June 30, 2005**

	<u>Plaza Repair/ Maintenance</u>	<u>Eliminations</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ 111,911
Due from other funds	-	(5,612)	66,906
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ -</u>	<u>\$ (5,612)</u>	<u>\$ 178,817</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 239
Payroll liabilities payable	-	-	6,662
Due to other funds	255	(5,612)	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>255</u>	<u>(5,612)</u>	<u>6,901</u>
<b>FUND BALANCES</b>			
Unreserved	<u>(255)</u>	<u>-</u>	<u>171,916</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ (5,612)</u>	<u>\$ 178,817</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**GENERAL FUND ACCOUNTS**

**For the year ended June 30, 2005**

	Administrative Fund	Testing Center	Jerseyville Office Account
<b>Revenues:</b>			
Local sources	\$ 55,811	\$ 32,905	\$ 59,669
State sources	-	-	-
On-behalf payments	337,064	-	-
Interest	1,916	-	-
<b>Total revenues</b>	<b>394,791</b>	<b>32,905</b>	<b>59,669</b>
<b>Expenditures:</b>			
Salaries and benefits	20,185	609	31,550
Purchased services	48,154	22,091	4,685
Supplies and materials	13,796	261	2,129
Capital outlay	1,104	-	-
Payments to other governments	-	-	-
Other objects	-	-	763
On-behalf payments	337,064	-	-
<b>Total expenditures</b>	<b>420,303</b>	<b>22,961</b>	<b>39,127</b>
Excess (deficiency) of revenues over (under) expenditures	(25,512)	9,944	20,542
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(25,512)</b>	<b>9,944</b>	<b>20,542</b>
Fund balances, beginning of year	22,146	8,696	21,212
<b>Fund balances (deficits), end of year</b>	<b>\$ (3,366)</b>	<b>\$ 18,640</b>	<b>\$ 41,754</b>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)**

**GENERAL FUND ACCOUNTS**

**For the year ended June 30, 2005**

	ROE/ISC Operations	Direct Services	Regional Initiative Fund
Revenues:			
Local sources	\$ 68	\$ 14,072	\$ -
State sources	68,443	-	-
On-behalf payments	-	-	-
Interest	17	-	-
Total revenues	<u>68,528</u>	<u>14,072</u>	<u>-</u>
Expenditures:			
Salaries and benefits	61,453	5,715	-
Purchased services	18,295	15,432	336
Supplies and materials	1,954	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	88
Other objects	-	-	-
On-behalf payments	-	-	-
Total expenditures	<u>81,702</u>	<u>21,147</u>	<u>424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,174)</u>	<u>(7,075)</u>	<u>(424)</u>
Other financing sources (uses):			
Transfers in	29	-	-
Transfers out	-	-	(237)
Total other financing sources (uses)	<u>29</u>	<u>-</u>	<u>(237)</u>
Net change in fund balances	(13,145)	(7,075)	(661)
Fund balances, beginning of year	<u>23,732</u>	<u>55,596</u>	<u>56,696</u>
Fund balances (deficits), end of year	<u>\$ 10,587</u>	<u>\$ 48,521</u>	<u>\$ 56,035</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)**

**GENERAL FUND ACCOUNTS**

**For the year ended June 30, 2005**

	Plaza Repair/ Maintenance	Eliminations	<u>Totals</u>
<b>Revenues:</b>			
Local sources	\$ 6,685	\$ -	\$ 169,210
State sources	-	-	68,443
On-behalf payments	-	-	337,064
Interest	-	-	1,933
	<hr/>	<hr/>	<hr/>
Total revenues	6,685	-	576,650
<b>Expenditures:</b>			
Salaries and benefits	-	-	119,512
Purchased services	4,079	-	113,072
Supplies and materials	2,861	-	21,001
Capital outlay	-	-	1,104
Payments to other governments	-	-	88
Other objects	-	-	763
On-behalf payments	-	-	337,064
	<hr/>	<hr/>	<hr/>
Total expenditures	6,940	-	592,604
Excess (deficiency) of revenues over (under) expenditures	<hr/> (255)	<hr/> -	<hr/> (15,954)
<b>Other financing sources (uses):</b>			
Transfers in	-	(29)	-
Transfers out	-	29	(208)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	(208)
Net change in fund balances	(255)	-	(16,162)
Fund balances, beginning of year	<hr/> -	<hr/> -	<hr/> 188,078
Fund balances (deficits), end of year	<hr/> <u>\$ (255)</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 171,916</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #05-3730-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 68	\$ 68
State sources	68,443	68,443	68,443	-
Interest	-	-	17	17
Total revenues	68,443	68,443	68,528	85
<b>Expenditures:</b>				
Salaries and benefits	65,443	57,443	61,453	4,010
Purchased services	2,000	10,000	18,295	8,295
Supplies and materials	1,000	1,000	1,954	954
Total expenditures	68,443	68,443	81,702	13,259
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(13,174)	\$ (13,174)
<b>Other financing sources (uses):</b>				
Transfers in			29	
Net change in fund balance			(13,145)	
Fund balance, beginning of year			23,732	
Fund balance, end of year			\$ 10,587	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2005**

	Truants Alternative/ Optional Education	Mini Grants	Regional Safe Schools	Title II - Coop
<b>ASSETS</b>				
Cash	\$ 2,979	\$ -	\$ 14,615	\$ 1,932
Due from other governments	-	-	10,428	-
	<b>\$ 2,979</b>	<b>\$ -</b>	<b>\$ 25,043</b>	<b>\$ 1,932</b>
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Payroll liabilities payable	2,932	-	19,544	-
Claims payable	-	-	5,000	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
	<b>2,932</b>	<b>-</b>	<b>24,544</b>	<b>-</b>
<b>FUND BALANCES</b>				
Unreserved	47	-	499	1,932
	<b>\$ 2,979</b>	<b>\$ -</b>	<b>\$ 25,043</b>	<b>\$ 1,932</b>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2005**

	Title II - Teacher Quality	Title IV - Community Service	Adult Education - Performance	Adult Education - State Basic
<b>ASSETS</b>				
Cash	\$ 30	\$ 14	\$ 2,796	\$ 6,702
Due from other governments	-	-	-	-
Total assets	\$ 30	\$ 14	\$ 2,796	\$ 6,702
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Payroll liabilities payable	-	-	2,797	6,269
Claims payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	433
Deferred revenue	-	-	-	-
Total liabilities	-	-	2,797	6,702
<b>FUND BALANCES</b>				
Unreserved	30	14	(1)	-
Total liabilities and fund balances	\$ 30	\$ 14	\$ 2,796	\$ 6,702

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2005**

	Adult Education - Public Assistance	National School Lunch	Adult Education - Federal Basic	K-6 Reading
<b>ASSETS</b>				
Cash	\$ -	\$ 316	\$ 5,379	\$ 10
Due from other governments	12,600	49	-	-
<b>Total assets</b>	<b>\$ 12,600</b>	<b>\$ 365</b>	<b>\$ 5,379</b>	<b>\$ 10</b>
<b>LIABILITIES</b>				
Cash overdraft	\$ 10,987	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Payroll liabilities payable	2,827	-	6,519	-
Claims payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	643	-	529	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>14,457</b>	<b>-</b>	<b>7,048</b>	<b>-</b>
<b>FUND BALANCES</b>				
Unreserved	(1,857)	365	(1,669)	10
<b>Total liabilities and fund balances</b>	<b>\$ 12,600</b>	<b>\$ 365</b>	<b>\$ 5,379</b>	<b>\$ 10</b>



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2005**

	Even Start	Title I - Reading First	Regional System of Support Provider	It's Real Grant
<b>ASSETS</b>				
Cash	\$ 11,676	\$ 1,006	\$ -	\$ 24,021
Due from other governments	-	-	72,514	-
	<b>\$ 11,676</b>	<b>\$ 1,006</b>	<b>\$ 72,514</b>	<b>\$ 24,021</b>
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Payroll liabilities payable	9,350	-	1,776	1,623
Claims payable	-	-	-	-
Due to other funds	-	-	71,775	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	21,694
	<b>9,350</b>	<b>-</b>	<b>73,551</b>	<b>23,317</b>
<b>FUND BALANCES</b>				
Unreserved	2,326	1,006	(1,037)	704
	<b>\$ 11,676</b>	<b>\$ 1,006</b>	<b>\$ 72,514</b>	<b>\$ 24,021</b>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2005**

	<u>Math - Contract State</u>	<u>Mathematics and Science Partnerships</u>	<u>Reading Improvement Block</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash	\$ 2	\$ 125,876	\$ 68	\$ 197,422
Due from other governments	-	-	-	95,591
<b>Total assets</b>	<u>\$ 2</u>	<u>125,876</u>	<u>\$ 68</u>	<u>\$ 293,013</u>
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ 10,987
Accounts payable	-	-	67	67
Payroll liabilities payable	-	1,887	-	55,524
Claims payable	-	-	-	5,000
Due to other funds	-	-	-	71,775
Due to other governments	-	-	-	1,605
Deferred revenue	-	123,956	-	145,650
<b>Total liabilities</b>	<u>-</u>	<u>125,843</u>	<u>67</u>	<u>290,608</u>
<b>FUND BALANCES</b>				
Unreserved	<u>2</u>	<u>33</u>	<u>1</u>	<u>2,405</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2</u>	<u>\$ 125,876</u>	<u>\$ 68</u>	<u>\$ 293,013</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2005**

	Truants Alternative/ Optional Education	Mini Grants	Regional Safe Schools	Title II - Coop
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 4,031	\$ 25,396
State sources	115,693	-	211,968	-
Federal sources	-	959	38,038	-
Interest	-	-	40	-
Total revenues	<u>115,693</u>	<u>959</u>	<u>254,077</u>	<u>25,396</u>
<b>Expenditures:</b>				
Salaries and benefits	102,673	-	209,326	11,612
Purchased services	10,709	959	38,318	14,732
Supplies and materials	2,311	-	20,022	1,105
Capital outlay	-	-	-	-
Payments to other governments	-	-	5,000	-
Other objects	-	-	5,000	-
Total expenditures	<u>115,693</u>	<u>959</u>	<u>277,666</u>	<u>27,449</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(23,589)	(2,053)
<b>Other financing sources (uses):</b>				
Transfers in	47	-	81	-
Net change in fund balances	47	-	(23,508)	(2,053)
Fund balances (deficits), beginning of year	-	-	24,007	3,985
Fund balances (deficits), end of year	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 499</u>	<u>\$ 1,932</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)**

**EDUCATION FUND ACCOUNTS**

**For the year ended June 30, 2005**

	Title II - Teacher Quality	Title IV - Community Service	Adult Education - Performance	Adult Education - State Basic
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	25,155	52,756
Federal sources	-	917	-	-
Interest	-	-	-	-
	-	-	-	-
Total revenues	-	917	25,155	52,756
<b>Expenditures:</b>				
Salaries and benefits	-	-	25,156	47,786
Purchased services	-	-	-	2,731
Supplies and materials	-	964	-	2,239
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	433
Other objects	-	-	-	-
	-	-	-	-
Total expenditures	-	964	25,156	53,189
Excess (deficiency) of revenues over (under) expenditures	-	(47)	(1)	(433)
<b>Other financing sources (uses):</b>				
Transfers in	-	3	-	433
	-	3	-	433
Net change in fund balances	-	(44)	(1)	-
Fund balances (deficits), beginning of year	30	58	-	-
Fund balances (deficits), end of year	\$ 30	\$ 14	\$ (1)	\$ -

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)**

**EDUCATION FUND ACCOUNTS**

**For the year ended June 30, 2005**

	Adult Education - Public Assistance	National School Lunch	Adult Education - Federal Basic	K-6 Reading
<b>Revenues:</b>				
Local sources	\$ -	\$ 1,277	\$ -	\$ -
State sources	37,087	150	-	-
Federal sources	-	3,240	55,239	-
Interest	-	1	2	-
<b>Total revenues</b>	<b>37,087</b>	<b>4,668</b>	<b>55,241</b>	<b>-</b>
<b>Expenditures:</b>				
Salaries and benefits	26,033	-	46,484	-
Purchased services	1,954	3,752	7,816	-
Supplies and materials	1,270	551	939	-
Capital outlay	7,830	-	-	-
Payments to other governments	643	-	529	-
Other objects	-	-	-	-
<b>Total expenditures</b>	<b>37,730</b>	<b>4,303</b>	<b>55,768</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(643)	365	(527)	-
<b>Other financing sources (uses):</b>				
Transfers in	643	-	529	-
<b>Net change in fund balances</b>	<b>-</b>	<b>365</b>	<b>2</b>	<b>-</b>
Fund balances (deficits), beginning of year	(1,857)	-	(1,671)	10
Fund balances (deficits), end of year	<u>\$ (1,857)</u>	<u>\$ 365</u>	<u>\$ (1,669)</u>	<u>\$ 10</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)**

**EDUCATION FUND ACCOUNTS**

**For the year ended June 30, 2005**

	Even Start	Title I - Reading First	Regional System of Support Provider	It's Real Grant
<b>Revenues:</b>				
Local sources	\$ -	\$ 960	\$ -	\$ 400
State sources	-	-	19,532	200
Federal sources	85,000	29,231	59,409	24,494
Interest	45	12	2	104
<b>Total revenues</b>	<b>85,045</b>	<b>30,203</b>	<b>78,943</b>	<b>25,198</b>
<b>Expenditures:</b>				
Salaries and benefits	50,960	18,204	72,463	22,421
Purchased services	22,100	7,801	4,371	2,073
Supplies and materials	10,071	3,226	3,146	-
Capital outlay	1,869	-	-	-
Payments to other governments	82	-	-	-
Other objects	-	-	-	-
<b>Total expenditures</b>	<b>85,082</b>	<b>29,231</b>	<b>79,980</b>	<b>24,494</b>
Excess (deficiency) of revenues over (under) expenditures	(37)	972	(1,037)	704
<b>Other financing sources (uses):</b>				
Transfers in	41	20	-	-
<b>Net change in fund balances</b>	<b>4</b>	<b>992</b>	<b>(1,037)</b>	<b>704</b>
Fund balances (deficits), beginning of year	2,322	14	-	-
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,326</b>	<b>\$ 1,006</b>	<b>\$ (1,037)</b>	<b>\$ 704</b>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)**

**EDUCATION FUND ACCOUNTS**

**For the year ended June 30, 2005**

	Math - Contract State	Mathematics and Science Partnerships	Reading Improvement Block	Totals
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ 32,064
State sources	-	-	21,489	484,030
Federal sources	-	20,373	-	316,900
Interest	-	33	1	240
<b>Total revenues</b>	<b>-</b>	<b>20,406</b>	<b>21,490</b>	<b>833,234</b>
<b>Expenditures:</b>				
Salaries and benefits	-	12,396	2,051	647,565
Purchased services	-	3,573	11,628	132,517
Supplies and materials	-	4,404	7,810	58,058
Capital outlay	-	-	-	9,699
Payments to other governments	-	-	-	6,687
Other objects	-	-	-	5,000
<b>Total expenditures</b>	<b>-</b>	<b>20,373</b>	<b>21,489</b>	<b>859,526</b>
Excess (deficiency) of revenues over (under) expenditures	-	33	1	(26,292)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	1,797
<b>Net change in fund balances</b>	<b>-</b>	<b>33</b>	<b>1</b>	<b>(24,495)</b>
Fund balances (deficits), beginning of year	2	-	-	26,900
Fund balances (deficits), end of year	<u>\$ 2</u>	<u>\$ 33</u>	<u>\$ 1</u>	<u>\$ 2,405</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #05-3695-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 115,693	\$ 115,693	\$ 115,693	\$ -
Expenditures:				
Salaries and benefits	103,585	103,052	102,673	(379)
Purchased services	10,808	10,330	10,709	379
Supplies and materials	1,300	2,311	2,311	-
Total expenditures	<u>115,693</u>	<u>115,693</u>	<u>115,693</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Other financing sources (uses):				
Transfers in			<u>47</u>	
Net change in fund balance			47	
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 47</u>	



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II - TEACHER QUALITY - PROJECT #05-4932-00  
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 786	\$ 786	\$ 786	\$ -
Expenditures:				
Purchased services	786	786	786	-
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>	

NOTE: Included within Mini Grants Fund in the Education Fund.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE V - INNOVATIVE PROGRAMS - PROJECT #05-4100-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Federal sources	\$ 173	\$ 173	\$ 173	\$ -
Expenditures:				
Purchased services	173	173	173	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

NOTE: Included within the Mini Grants Fund in the Education Fund.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #05-3696-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 4,031	\$ 4,031
State sources	109,461	109,461	211,968	102,507
Federal sources	38,038	38,038	38,038	-
Interest	-	-	40	40
Total revenues	147,499	147,499	254,077	106,578
<b>Expenditures:</b>				
Salaries and benefits	121,197	119,363	209,326	89,963
Purchased services	19,746	18,668	38,318	19,650
Supplies and materials	6,556	6,518	20,022	13,504
Payments to other governments	-	2,950	5,000	2,050
Other objects	-	-	5,000	5,000
Total expenditures	147,499	147,499	277,666	130,167
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(23,589)	\$ (23,589)
<b>Other financing sources (uses):</b>				
Transfers in			81	
Net change in fund balance			(23,508)	
Fund balance, beginning of year			24,007	
Fund balance, end of year			\$ 499	

Note: Actual column also includes Regional Safe Schools State Aid revenue (project #05-3001-93) of \$102,507.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE IV - COMMUNITY SERVICE - PROJECT #04-4420-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Federal sources	\$ 17,584	\$ 17,584	\$ 917	\$ (16,667)
Expenditures:				
Salaries and benefits	11,500	11,450	-	(11,450)
Purchased services	4,150	1,450	-	(1,450)
Supplies and materials	1,934	4,684	964	(3,720)
Total expenditures	17,584	17,584	964	(16,620)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(47)	\$ (47)
Other financing sources (uses):				
Transfers in			3	
Net change in fund balance			(44)	
Fund balance, beginning of year			58	
Fund balance, end of year			\$ 14	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION - PERFORMANCE - PROJECT #536 AB  
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 25,155	\$ 25,155	\$ 25,155	\$ -
Expenditures:				
Salaries and benefits	25,155	25,155	25,156	1
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (1)</u>	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION - STATE BASIC - PROJECT #536 AB  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 52,756	\$ 52,756	\$ 52,756	\$ -
Expenditures:				
Salaries and benefits	47,969	47,969	47,786	(183)
Purchased services	1,000	1,000	2,731	1,731
Supplies and materials	2,787	2,787	2,239	(548)
Capital outlay	1,000	1,000	-	(1,000)
Payments to other governments	-	-	433	433
Total expenditures	<u>52,756</u>	<u>52,756</u>	<u>53,189</u>	<u>433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(433)	<u>\$ (433)</u>
Other financing sources (uses):				
Total other financing sources (uses)			<u>433</u>	
Net change in fund balance			-	
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u><u>\$ -</u></u>	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION - PUBLIC ASSISTANCE - PROJECT #536 AB  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 24,487	\$ 24,487	\$ 37,087	\$ 12,600
Expenditures:				
Salaries and benefits	22,955	22,955	26,033	3,078
Purchased services	-	-	1,954	1,954
Supplies and materials	1,532	1,532	1,270	(262)
Capital outlay	-	-	7,830	7,830
Payments to other governments	-	-	643	643
Total expenditures	24,487	24,487	37,730	13,243
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(643)	\$ (643)
Other financing sources (uses):				
Transfers in			643	
Net change in fund balance			-	
Fund balance (deficit), beginning of year			(1,857)	
Fund balance (deficit), end of year			\$ (1,857)	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION - FEDERAL BASIC - PROJECT #536 AB  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Revenues:</b>				
Federal sources	\$ 55,239	\$ 55,239	\$ 55,239	\$ -
Interest	-	-	2	2
Total revenues	55,239	55,239	55,241	2
<b>Expenditures:</b>				
Salaries and benefits	47,509	47,509	46,484	(1,025)
Purchased services	7,730	7,730	7,816	86
Supplies and materials	-	-	939	939
Payments to other governments	-	-	529	529
Total expenditures	55,239	55,239	55,768	529
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(527)	\$ (527)
<b>Other financing sources (uses):</b>				
Transfers in			529	
Net change in fund balance			2	
Fund balance (deficit), beginning of year			(1,671)	
Fund balance (deficit), end of year			\$ (1,669)	



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EVEN START - PROJECT #05-4335-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Federal sources	\$ 100,000	\$ 85,000	\$ 85,000	\$ -
Interest	-	-	45	45
Total revenues	100,000	85,000	85,045	45
<b>Expenditures:</b>				
Salaries and benefits	65,162	52,683	50,960	(1,723)
Purchased services	30,652	22,293	22,100	(193)
Supplies and materials	4,186	8,024	10,071	2,047
Capital outlay	-	2,000	1,869	(131)
Payments to other governments	-	-	82	82
Total expenditures	100,000	85,000	85,082	82
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(37)	\$ (37)
<b>Other financing sources (uses):</b>				
Transfers in			41	
Net change in fund balance			4	
Fund balance, beginning of year			2,322	
Fund balance, end of year			\$ 2,326	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I - READING FIRST - PROJECT #05-4337-02  
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 960	\$ 960
Federal sources	26,758	29,231	29,231	-
Interest	-	-	12	12
	<u>26,758</u>	<u>29,231</u>	<u>30,203</u>	<u>972</u>
Expenditures:				
Salaries and benefits	19,480	19,480	18,204	(1,276)
Purchased services	4,120	6,593	7,801	1,208
Supplies and materials	3,158	3,158	3,226	68
	<u>26,758</u>	<u>29,231</u>	<u>29,231</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	972	<u>\$ 972</u>
Other financing sources (uses):				
Transfers in			<u>20</u>	
Net change in fund balance			992	
Fund balance, beginning of year			<u>14</u>	
Fund balance, end of year			<u>\$ 1,006</u>	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MATHEMATICS AND SCIENCE PARTNERSHIPS - PROJECT #05-4936-00  
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 144,329	\$ 144,329	\$ 20,373	\$ (123,956)
Interest	-	-	33	33
Total revenues	<u>144,329</u>	<u>144,329</u>	<u>20,406</u>	<u>(123,923)</u>
Expenditures:				
Salaries and benefits	15,410	15,410	12,396	(3,014)
Purchased services	86,819	86,819	3,573	(83,246)
Supplies and materials	42,100	42,100	4,404	(37,696)
Total expenditures	<u>144,329</u>	<u>144,329</u>	<u>20,373</u>	<u>(123,956)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	33	<u>\$ 33</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 33</u>	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
READING IMPROVEMENT BLOCK - PROJECT #05-3720-01  
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources	\$ 12,889	\$ 21,489	\$ 21,489	\$ -
Interest	-	-	1	1
<b>Total revenues</b>	<u>12,889</u>	<u>21,489</u>	<u>21,490</u>	<u>1</u>
<b>Expenditures:</b>				
Salaries and benefits	3,389	3,389	2,051	(1,338)
Purchased services	5,375	10,375	11,628	1,253
Supplies and materials	4,125	7,725	7,810	85
<b>Total expenditures</b>	<u>12,889</u>	<u>21,489</u>	<u>21,489</u>	<u>-</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 1</u>	

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2005**

	<u>Film Coop</u>	<u>General Education Development</u>	<u>Seventh Judicial Family Violence</u>	<u>Standards Alignment</u>
<b>ASSETS</b>				
Cash	\$ 8,582	\$ 1,063	\$ 2,832	\$ 19
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,582</u>	<u>\$ 1,063</u>	<u>\$ 2,832</u>	<u>\$ 19</u>
<b>LIABILITIES</b>				
Payroll liabilities payable	\$ -	\$ 216	\$ 253	\$ -
Claims payable	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>216</u>	<u>253</u>	<u>-</u>
<b>FUND BALANCES</b>				
Unreserved	<u>8,582</u>	<u>847</u>	<u>2,579</u>	<u>19</u>
Total liabilities and fund balances	<u>\$ 8,582</u>	<u>\$ 1,063</u>	<u>\$ 2,832</u>	<u>\$ 19</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2005**

	<u>Bus Driver</u>	<u>Institute</u>	<u>Leaders in Technology Enhanced Schools Fund</u>	<u>Olympiad Fund</u>
<b>ASSETS</b>				
Cash	\$ 6,685	\$ 25,398	\$ 12,087	\$ 1,494
Due from other funds	-	-	-	4,869
	<u>6,685</u>	<u>25,398</u>	<u>12,087</u>	<u>6,363</u>
Total assets	<u>\$ 6,685</u>	<u>\$ 25,398</u>	<u>\$ 12,087</u>	<u>\$ 6,363</u>
<b>LIABILITIES</b>				
Payroll liabilities payable	\$ -	\$ 122	\$ -	\$ -
Claims payable	-	-	-	-
Deferred revenue	-	-	10,610	-
	<u>-</u>	<u>122</u>	<u>10,610</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>122</u>	<u>10,610</u>	<u>-</u>
<b>FUND BALANCES</b>				
Unreserved	<u>6,685</u>	<u>25,276</u>	<u>1,477</u>	<u>6,363</u>
Total liabilities and fund balances	<u>\$ 6,685</u>	<u>\$ 25,398</u>	<u>\$ 12,087</u>	<u>\$ 6,363</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS**

**June 30, 2005**

	<u>Alternative Schools</u>	<u>Trustee</u>	<u>Supervisory</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash	\$ 15,076	\$ 379	\$ -	\$ 73,615
Due from other funds	-	-	-	4,869
	<u>15,076</u>	<u>379</u>	<u>-</u>	<u>78,484</u>
Total assets	<u>\$ 15,076</u>	<u>\$ 379</u>	<u>\$ -</u>	<u>\$ 78,484</u>
<b>LIABILITIES</b>				
Payroll liabilities payable	\$ 5,572	\$ -	\$ -	\$ 6,163
Claims payable	5,000	-	-	5,000
Deferred revenue	-	-	-	10,610
	<u>10,572</u>	<u>-</u>	<u>-</u>	<u>21,773</u>
Total liabilities	<u>10,572</u>	<u>-</u>	<u>-</u>	<u>21,773</u>
<b>FUND BALANCES</b>				
Unreserved	<u>4,504</u>	<u>379</u>	<u>-</u>	<u>56,711</u>
Total liabilities and fund balances	<u>\$ 15,076</u>	<u>\$ 379</u>	<u>\$ -</u>	<u>\$ 78,484</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2005**

	Film Coop	General Education Development	Seventh Judicial Family Violence	Standards Alignment
<b>Revenues:</b>				
Local sources	\$ 6,523	\$ 16,887	\$ 11,739	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	7,500
Interest	-	-	-	-
Total revenues	<u>6,523</u>	<u>16,887</u>	<u>11,739</u>	<u>7,500</u>
<b>Expenditures:</b>				
Salaries and benefits	3,149	11,160	6,898	5,423
Purchased services	329	5,806	9,195	1,301
Supplies and materials	306	1,373	103	1,031
Other objects	-	-	-	-
Total expenditures	<u>3,784</u>	<u>18,339</u>	<u>16,196</u>	<u>7,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,739</u>	<u>(1,452)</u>	<u>(4,457)</u>	<u>(255)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,739	(1,452)	(4,457)	(255)
Fund balances, beginning of year	<u>5,843</u>	<u>2,299</u>	<u>7,036</u>	<u>274</u>
Fund balances, end of year	<u>\$ 8,582</u>	<u>\$ 847</u>	<u>\$ 2,579</u>	<u>\$ 19</u>



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2005**

	<u>Bus Driver</u>	<u>Institute</u>	<u>Leaders in Technology Enhanced Schools Fund</u>	<u>Olympiad Fund</u>
<b>Revenues:</b>				
Local sources	\$ 1,304	\$ 29,359	\$ -	\$ 10,700
State sources	720	-	-	-
Federal sources	-	-	7,390	-
Interest	-	1	130	-
Total revenues	<u>2,024</u>	<u>29,360</u>	<u>7,520</u>	<u>10,700</u>
<b>Expenditures:</b>				
Salaries and benefits	-	549	4,261	254
Purchased services	1,390	19,452	3,130	9,609
Supplies and materials	332	2,678	-	1,389
Other objects	-	6,488	-	-
Total expenditures	<u>1,722</u>	<u>29,167</u>	<u>7,391</u>	<u>11,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>302</u>	<u>193</u>	<u>129</u>	<u>(552)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	302	193	129	(552)
Fund balances, beginning of year	<u>6,383</u>	<u>25,083</u>	<u>1,348</u>	<u>6,915</u>
Fund balances, end of year	<u>\$ 6,685</u>	<u>\$ 25,276</u>	<u>\$ 1,477</u>	<u>\$ 6,363</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2005**

	Alternative Schools	Trustee	Supervisory	Totals
<b>Revenues:</b>				
Local sources	\$ 770	\$ -	\$ -	\$ 77,282
State sources	98,039	-	4,000	102,759
Federal sources	-	-	-	14,890
Interest	109	-	-	240
<b>Total revenues</b>	<b>98,918</b>	<b>-</b>	<b>4,000</b>	<b>195,171</b>
<b>Expenditures:</b>				
Salaries and benefits	58,580	-	-	90,274
Purchased services	25,223	-	4,006	79,441
Supplies and materials	9,430	-	-	16,642
Other objects	5,000	-	-	11,488
<b>Total expenditures</b>	<b>98,233</b>	<b>-</b>	<b>4,006</b>	<b>197,845</b>
Excess (deficiency) of revenues over (under) expenditures	685	-	(6)	(2,674)
<b>Other financing sources (uses)</b>				
Transfers in	16	-	-	16
Transfers out	(1,605)	-	-	(1,605)
<b>Total other financing sources (uses)</b>	<b>(1,589)</b>	<b>-</b>	<b>-</b>	<b>(1,589)</b>
<b>Net change in fund balances</b>	<b>(904)</b>	<b>-</b>	<b>(6)</b>	<b>(4,263)</b>
Fund balances, beginning of year	5,408	379	6	60,974
Fund balances, end of year	<u>\$ 4,504</u>	<u>\$ 379</u>	<u>\$ -</u>	<u>\$ 56,711</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS**

**June 30, 2005**

	Early Childhood Math	Administrators' Academy	Total
<b>ASSETS</b>			
Cash	\$ 1,384	\$ 20,805	\$ 22,189
<b>LIABILITIES</b>			
Payroll liabilities payable	-	86	86
<b>NET ASSETS</b>	<b>\$ 1,384</b>	<b>\$ 20,719</b>	<b>\$ 22,103</b>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2005**

	Early Childhood Math	Administrators' Academy	Total
Operating revenues:			
Charges for services	\$ 9,583	\$ 5,520	\$ 15,103
Operating expenses:			
Salaries and benefits	-	4,836	4,836
Purchased services	4,231	2,878	7,109
Supplies and materials	3,736	461	4,197
Total operating expenses	7,967	8,175	16,142
Operating income (loss)	1,616	(2,655)	(1,039)
Change in net assets	1,616	(2,655)	(1,039)
Total net assets - beginning	(232)	23,374	23,142
Total net assets - ending	\$ 1,384	\$ 20,719	\$ 22,103

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2005**

	Early Childhood Math	Administrators' Academy	Total
Cash flows from operating activities:			
Collection of fees	\$ 9,583	\$ 5,520	\$ 15,103
Payment to suppliers and providers of goods and services	(7,967)	(3,339)	(11,306)
Payments to employees	-	(4,750)	(4,750)
Net cash provided by (used for) operating activities	<u>1,616</u>	<u>(2,569)</u>	<u>(953)</u>
Net increase (decrease) in cash and cash equivalents	1,616	(2,569)	(953)
Cash and cash equivalents - beginning	<u>(232)</u>	<u>23,374</u>	<u>23,142</u>
Cash and cash equivalents - ending	<u>\$ 1,384</u>	<u>\$ 20,805</u>	<u>\$ 22,189</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 1,616	\$ (2,655)	\$ (1,039)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Increase in payroll liabilities payable	-	86	86
Net cash provided by (used for) operating activities	<u>\$ 1,616</u>	<u>\$ (2,569)</u>	<u>\$ (953)</u>

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2005**

	<u>Distributive Fund</u>	<u>Illinois Valley Regional Vocational Education System</u>	<u>Macoupin County Regional Vocational Education Delivery System</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 2,333	\$ 2,333
<b>LIABILITIES</b>				
Due to other governments	\$ -	\$ -	\$ 2,333	\$ 2,333

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

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

**For the year ended June 30, 2005**

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash	\$ -	\$ 1,419,252	\$ 1,419,252	\$ -
LIABILITIES				
Due to other funds	\$ -	\$ 853,006	\$ 853,006	\$ -
Due to other governments	-	566,246	566,246	-
Total liabilities	\$ -	\$ 1,419,252	\$ 1,419,252	\$ -

ILLINOIS VALLEY REGIONAL VOCATIONAL EDUCATION SYSTEM

ASSETS				
Cash	\$ 6,933	\$ 319,115	\$ 326,048	\$ -
LIABILITIES				
Due to other governments	\$ 6,933	\$ 319,115	\$ 326,048	\$ -

MACOUPIN COUNTY REGIONAL VOCATIONAL EDUCATION DELIVERY SYSTEM

ASSETS				
Cash	\$ 21,677	\$ 258,719	\$ 278,063	\$ 2,333
LIABILITIES				
Due to other governments	\$ 21,677	\$ 258,719	\$ 278,063	\$ 2,333

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)  
AGENCY FUNDS  
For the year ended June 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 28,610	\$ 1,997,086	\$ 2,023,363	\$ 2,333
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 853,006	\$ 853,006	\$ -
Due to other governments	28,610	1,144,080	1,170,357	2,333
Total liabilities	\$ 28,610	\$ 1,997,086	\$ 2,023,363	\$ 2,333



**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHER ENTITIES  
DISTRIBUTIVE FUND**

**For the year ended June 30, 2005**

	Illinois Valley Voc. System	Macoupin Co. Reg. Dev. System	ROE #40	Total
General State Aid	\$ -	\$ -	\$ 200,546	\$ 200,546
Career & Technical Ed Improvement	226,466	172,009	-	398,475
Voc. Ed. - Agriculture Education	9,957	10,593	-	20,550
State Free Lunch and Breakfast	-	-	102	102
ROE School Bus Driver Training	-	-	720	720
Truants Alternative/Opt. Education	-	-	125,985	125,985
Regional Safe Schools	-	-	152,779	152,779
Reading Improve Block-Reading Rec.	-	-	21,489	21,489
ROE and ISC Operations	-	-	68,443	68,443
Supervisory	-	-	4,000	4,000
Title V - Innovative Programs - Formula	-	-	173	173
Federal Breakfast and Lunch	-	-	3,240	3,240
Even Start	-	-	92,499	92,499
Title I - Reading First	-	-	29,231	29,231
Title IV - Community Service	-	-	8,684	8,684
Voc. Ed. - Perkins	72,292	74,929	-	147,221
Title II - Teacher Quality	-	-	786	786
Math/Science Partnership	-	-	144,329	144,329
<b>TOTAL</b>	<b>\$ 308,715</b>	<b>\$ 257,531</b>	<b>\$ 853,006</b>	<b>\$1,419,252</b>

**FEDERAL FINANCIAL COMPLIANCE SECTION**

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
<b>U.S. Department of Education</b>			
<i>Passed through the Illinois State Board of Education:</i>			
(m) Title II - Teacher Quality	84.367A	05-4932-00	\$ 786
Title V - Innovative Programs - Formula	84.298A	05-4100-00	173
(m) Title IV - Community Service	84.184C	04-4420-00	917
(m) Even Start	84.213C	05-4335-00	85,000
Mathematics and Science Partnerships	84.366B	05-4936-00	20,373
Title I - Reading First Part B SEA Funds	84.357A	05-4337-02	29,231
Total Illinois State Board of Education			136,480
<i>Passed through Regional Office of Education #41:</i>			
Leaders in Technology Enhanced Schools	84.303	N643031	7,390
It's Real Grant	84.318X	05-4972-00	24,494
Total Regional Office of Education #41			31,884
<i>Passed through Regional Office of Education #50:</i>			
Title I - School Improvement & Accountability	84.010A	04-4331-SS	3,713
Title I - School Improvement & Accountability	84.010A	05-4331-SS	45,965
Total Title I - School Improvement & Accountability			49,678
Title II - Teacher Quality - Leadership	84.367A	04-4935-SS	2,335
Title II - Teacher Quality - Leadership	84.367A	05-4935-SS	7,396
Total Title II - Teacher Quality - Leadership			9,731
Total Regional Office of Education #50			59,409
<i>Passed through the Illinois Community College Board:</i>			
(m) Adult Education and Family Literacy (Federal Basic)	84.002A	536 AB	55,239
Total Illinois Community College Board			55,239
<i>Passed through Regional Office of Education #11 passed through Regional Office of Education #3:</i>			
Standards Aligned Classroom	84.298A	05-4999-00	7,500
Total Regional Office of Education #3			7,500
Total U.S. Department of Education			290,512

The notes are an integral part of this schedule.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For the year ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through Illinois State Board of Education:</i>			
Regional Safe Schools (TANF)	93.558	05-3696-00	\$ 20,954
Regional Safe Schools State Aid (TANF)	93.558	05-3001-93	17,084
Total Illinois State Board of Education			38,038
Total U.S. Department of Health and Human Services			38,038
<b>U.S. Department of Agriculture</b>			
<i>Passed through Illinois State Board of Education:</i>			
National School Lunch Program	10.555	04-4210-00	282
National School Lunch Program	10.555	05-4210-00	2,958
Total National School Lunch Program			3,240
Total Illinois State Board of Education			3,240
Total U.S. Department of Agriculture			3,240
<b>TOTAL</b>			<b>\$ 331,790</b>

(m) - Audited as a major program

The notes are an integral part of this schedule.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2005**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #40 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**

No amounts were awarded to subrecipients.

**3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS**

**Title II – Teacher Quality** – Accounts for a coop of schools' funds to provide teacher activities, conferences, and workshops in the areas of math and science.

**Title IV – Community Service** – Helps students improve academic learning and develop personal skills through structured service projects that meet community needs, thereby developing personal and social responsibility among participants.

**Adult Education and Family Literacy (Federal Basic)** – Awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency; to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children; and to assist adults in completing a secondary school education.

**Even Start** – Creates a comprehensive network of resources, agencies, and individuals linked together by Even Start to provide a system to meet the educational, social, emotional, physical, and financial needs of at-risk families.

**4. NON-CASH ASSISTANCE**

The note is not applicable to Regional Office of Education #40.

**5. AMOUNT OF INSURANCE**

The note is not applicable to Regional Office of Education #40.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For the year ended June 30, 2005**

**6. LOANS OR LOAN GUARANTEES OUTSTANDING**

The note is not applicable to Regional Office of Education #40.

**7. BACKGROUND INFORMATION ON ICCB FEDERAL GRANT ACTIVITY**

**Federal Basic:** Grant awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency; to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children; and to assist adults in completing a secondary school education.