

**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, 2007**

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



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

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REGIONAL OFFICE OF EDUCATION #40**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	4	2
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	2	4

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
07-01	14-15	Miscoding of an Expenditure
07-02	16-17	Failure to Review and Reconcile a Bank Account
07-03	18	Inadequate Review of Journal Entries
07-04	19-20	Controls Over Financial Statement Preparation
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)		
07-01	21	Miscoding of an Expenditure

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

**COMPLIANCE REPORT SUMMARY** (Continued)

**SUMMARY OF FINDINGS AND QUESTIONED COSTS** (Continued)

**PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)**

06-01        26        Controls Over Compliance with Laws and Regulations

**PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)**

06-02        26        Returning Interest Earned in Excess of \$100 on a Federal Grant

**EXIT CONFERENCE**

An informal exit conference was held on August 31, 2007. Attending were Larry D. Pfeiffer, Regional Superintendent, Beverly Kinser, Bookkeeper for the Regional Office of Education #40, Heather Wolke, CPA, and Leigh Cottingham, Staff Accountant, both with West & Company, LLC.

The responses to the recommendations were provided by Beverly Kinser in an email dated February 19, 2008.

## FINANCIAL STATEMENT REPORT

### Financial Presentation Examined

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

The financial statement report is comprised of the following:

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

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

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

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

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

### Auditors' Reports

### Findings and Recommendations

### Financial Statements

**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 Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's basic financial statements.

# WEST & COMPANY, LLC

## MEMBERS

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

## CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## OFFICES

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MATTOON  
SULLIVAN

## 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, 2007, which collectively comprise the Calhoun, Greene, Jersey and Macoupin Counties 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2008 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 27A-27F and 60 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 Calhoun, Greene, Jersey and Macoupin Counties 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 Others 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 Others, 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*

June 10, 2008

MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
BRIAN E. DANIELL  
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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, 2007, which collectively comprise the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's basic financial statements and have issued our report thereon dated June 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting, 07-02, 07-03, and 07-04. We also noted a matter involving internal control over financial reporting which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-01.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider item 07-04 to be a material weakness.

#### **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 an immaterial instance of noncompliance or other matters which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-01.

Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's response to the findings identified in our audit are described in the accompany Schedule of Findings and Questioned Costs. We did not audit Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's response and, accordingly, we express no opinion on it.

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

*West + Company, LLC*

June 10, 2008



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E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
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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, 2007. 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 of 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, 2007. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-01.

### **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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving internal control over compliance with major program requirements which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-01.

Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Calhoun, Greene, Jersey and Macoupin Counties Regional Office of Education #40's response and, accordingly, express no opinion on it.

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

*West + Company, LLC*

June 10, 2008

**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, 2007

---

Section I -- Summary of Auditors' Results

---

**Financial Statements**

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified?

X yes             no

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

X yes             none reported

Noncompliance material to financial  
statements noted?

       yes      X no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?

       yes      X no

- Significant deficiency(ies) identified that  
are not considered to be material  
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, 2007

---

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

---

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.010A	Title I - School Improvement and Accountability
84.366B	Mathematics and Science Partnerships
84.303	Leaders in Technology Enhanced Schools

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, 2007**

**Section II - Financial Statement Findings**

**FINDING NO. 07-01 – Miscoding of an Expenditure**

**Federal Program Name and Year:** Mathematics and Science Partnerships - 2006

**Project No.:** 06-4936-00

**CFDA No.:** 84.366B

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

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

**Criteria/Specific Requirement:**

Expenditures should be carefully monitored to make sure that they are recorded to the proper accounts.

**Condition:**

In our review of expenditures, we identified two instances where capital outlays were misclassified. In the first case, the cost of a printer was not properly recorded as a capital outlay. This resulted in the general ledger showing \$286 as purchased services rather than as capital outlay. In the second case, a laptop was not properly recorded as capital outlay. This resulted in the general ledger showing an extra \$498 as supplies rather than as capital outlay.

**Questioned Cost:**

Mathematics and Science Partnerships    \$498

**Context:**

In the Mathematics and Science Partnerships, the general ledger reported supplies of \$44,158 and zero capital outlay instead of supplies and capital outlay of \$43,660 and \$498, respectively.

**Effect:**

Since the funds with the miscodings were grants, the Regional Office of Education #40 filed inaccurate final expenditure reports from which reimbursements were made.

**Cause:**

The cost of the printer and laptop computer, which exceeded \$500, was split between two funds. The Regional Office of Education #40 personnel thought that payments under \$500 should not be recorded as capital outlay. Although the cost in each of the funds was under \$500, the amount should still be recorded as capital outlay since the equipment purchased cost over \$500.

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

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

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

**FINDING NO. 07-01 – Miscoding of an Expenditure** (Continued)

**Auditors' Recommendation:**

The Regional Office of Education #40 personnel responsible for coding expenditures should be made aware that any payments on equipment meeting the capitalization threshold of \$500 should be recorded to capital outlay even if the cost is split between two separate funds. The Regional Office of Education #40 personnel should also contact the Illinois State Board of Education to correct the final expenditure reports.

**Management's Response:**

An amended expenditure report for the Math/Science Grant was submitted to the Illinois State Board of Education on October 11, 2007. The refund due on the Math/Science Grant was paid on November 12, 2007.

In regard to the Truant Alternative Optional Education Grant, on February 14, 2008, our Office contacted ISBE Funding and Disbursements and was informed that we would be contacted as to what needed to be done. At this time, we are awaiting further contact. The amended expenditure report for this grant was submitted on February 15, 2008.



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

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

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

**FINDING NO. 07-02 – Failure to Review and Reconcile a Bank Account**

**Criteria/Specific Requirement:**

Sound internal control requires bank reconciliations to be performed monthly to ensure that all transactions have been recorded. The bank reconciliation process should include identifying and correcting all discrepancies between the banks records and the books on a timely basis.

**Condition:**

A review of the bank account showed that it had not been reconciled on a monthly basis. Therefore, when \$406 was received in December 2006 from the Illinois State Board of Education, which was intended to go to a school district and not the Regional Office, the amount remained in the Regional Office of Education #40's account until discovered by auditors in August 2007.

**Effect:**

By not reviewing and reconciling bank accounts monthly, discrepancies could occur and not be detected timely. In this case, for over eight months, the bank account included \$406 of funding that was meant to go to a school district.

**Cause:**

The Regional Office of Education #40 personnel are supposed to receive faxes from the bank when any funding is transferred into the bank account. Regional Office personnel determine which grant the payment relates to and notify the bank to transfer the funding to the appropriate checking account. When the former employee who was in charge of the account retired at the end of fiscal year 2006, she did not mention anything about reviewing the statements to the employee taking over the account. The employee was just told to keep a spreadsheet of the transfers that came in per the faxes from the bank. The Regional Office of Education #40 did not have a fax on file from the bank regarding the \$406 payment. Also, the amount was not included on the transfers spreadsheet. Since the bank statement was not reviewed and reconciled, the improper payment was not noticed when it was transferred into the account.

**Auditors' Recommendation:**

The Regional Office of Education #40 personnel should review and reconcile all bank statements every month and correct any discovered discrepancies in a timely manner.

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

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

Section II - Financial Statement Findings (Continued)

FINDING NO. 07-02 – Failure to Review and Reconcile a Bank Account (Continued)

**Management's Response:**

Monthly bank statements are now reconciled by bookkeeping.

The Illinois State Board of Education was notified and the \$406 monies in question were transferred out of our account with Illinois Funds and into the proper account on September 5, 2007.

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

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

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

**FINDING NO. 07-03 – 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 detected within a reasonable period of time.

**Cause:**

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

**Auditors' Recommendation:**

The Regional Superintendent should review all 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:**

Training in journal entries has been completed internally and a transfer of funds form has been developed. The Regional Superintendent of Schools reviews and approves all grant directors' requests for transfer of funds.

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

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

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

**FINDING NO. 07-04 – Controls Over Financial Statement Preparation**

**Criteria/Specific Requirement:**

The Regional Office of Education #40 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #40 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. Detailed testing of accounts payable and accounts receivable noted 27 items totaling \$19,620 had not been recorded to accounts payable and 1 item totaling \$1,447 had not been recorded to accounts receivable. Additionally, no entries were provided to reconcile the ROE's grant activity, such as posting grant receivables and deferred revenues.

**Effect:**

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

**Cause:**

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

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

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

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

**FINDING NO. 07-04 – Controls Over Financial Statement Preparation** (Continued)

**Auditors' Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #40 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Macoupin County Board Finance Committee has been made aware of the new auditory requirement and the anticipated cost associated with contracting an accounting firm. A meeting will be called with all County Board members to discuss this finding. The Regional Office of Education will utilize the services of County audit firms within our region.

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

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

**Section III - Federal Award Findings**

**INSTANCES OF NONCOMPLIANCE:**

**Finding No. 07-01 – Miscoding of an Expenditure (Finding details on pages 14-15)**

**SIGNIFICANT DEFICIENCIES:**

**Finding No. 07-01 – Miscoding of an Expenditure (Finding details on pages 14-15)**

**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, 2007**

**Corrective Action Plan**

**Finding No.: 07-01**

**Condition:**

In our review of expenditures, we identified two instances where capital outlays were misclassified. In the first case, the cost of a printer was not properly recorded as a capital outlay. This resulted in the general ledger showing \$286 as purchased services rather than as capital outlay. In the second case, a laptop was not properly recorded as capital outlay. This resulted in the general ledger showing an extra \$498 as supplies rather than as capital outlay.

**Plan:**

An amended expenditure report for the Math/Science Grant was submitted October 11, 2007. A refund due to ISBE was paid on November 12, 2007.

The Regional Office called ISBE Funding and Disbursements on February 14, 2008, and is awaiting contact from ISBE with further instructions. An amended expenditure report for the Truant Alternative Optional Education Grant was submitted February 15, 2008.

**Anticipated Date of Completion:**

As stated above, all procedures have been completed.

**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, 2007**

**Corrective Action Plan** (Continued)

**Finding No.:** 07-02

**Condition:**

A review of the bank account showed that it had not been reconciled on a monthly basis. Therefore, when \$406 was received in December 2006 from the Illinois State Board of Education, which was intended to go to a school district and not the Regional Office, the amount remained in the Regional Office of Education #40's account until discovered by auditors in August 2007.

**Plan:**

Monthly bank statements are being reconciled by bookkeeping.

**Anticipated Date of Completion:**

The transfer of \$406 was completed by the Illinois Funds on September 5, 2007 from the Regional Office of Education #40's account to the proper account.

**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, 2007

**Corrective Action Plan** (Continued)

**Finding No.:** 07-03

**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:**

Training in journal entries has been completed internally and a transfer of funds form has been developed. The Regional Superintendent of Schools reviews and approves all grant directors' requests for transfer of funds.

**Anticipated Date of Completion:**

The plan was completed in November 2007.

**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, 2007**

**Corrective Action Plan** (Continued)

**Finding No.:** 07-04

**Condition:**

The Regional Office of Education #40 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. Detailed testing of accounts payable and accounts receivable noted 27 items totaling \$19,620 had not been recorded to accounts payable and 1 item totaling \$1,447 had not been recorded to accounts receivable. Additionally, no entries were provided to reconcile the ROE's grant activity, such as posting grant receivables and deferred revenues.

**Plan:**

The Macoupin County Board Finance Committee has been made aware of the new auditory requirement and the anticipated cost associated with contracting an accounting firm. A meeting will be called with all County Board members to discuss this finding. The Regional Office of Education will utilize the services of County audit firms within our region.

**Anticipated Date of Completion:**

Spring 2008

**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, 2007**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
06-01	Controls Over Compliance with Laws and Regulations	
	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11.	Resolved.
	B. Failure to present a report of all his acts including a list of all schools visited and dates of visitations to the county board meetings.	Finding was not repeated.
	C. Public Act 95-946 repealed the requirements of 105 ILCS 5/3-14.5.	Resolved.
	D. Each school district had not submitted an audit or extension request as of October 15, as required by 105 ILCS 5/3-7.	Finding was not repeated.
06-02	Returning Interest Earned in Excess of \$100 on a Federal Grant	Finding was not repeated.



**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, 2007**

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, 2007. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #40's financial statements which follow.

**2007 FINANCIAL HIGHLIGHTS**

- Within the Governmental Funds, the General Fund revenues increased by \$7,278 from \$545,292 in fiscal year (FY) 2006 to \$552,570 in FY07. General Fund expenditures increased by \$35,628 from \$552,050 in FY06 to \$587,678 in FY07.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$4,765 from \$1,085,060 in FY06 to \$1,089,825 in FY07. The Special Revenue Fund expenditures increased by \$44,755 from \$1,049,875 in FY06 to \$1,094,630 in FY07.

**USING THIS REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #40'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 #40 as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office of Education #40'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 allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #40 established other funds to control and manage money for particular purposes.

The Regional Office of Education #40 has three kinds of funds:

- 1) Governmental funds account for most of the Regional Office of Education #40'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 Regional Office of Education #40'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, Staff Development Association, College Credit Workshop, Early Childhood Math, and Math and Science Workshop 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 of Education #40. The net assets at the end of the FY07 totaled \$329,439. At the end of FY06, the net assets were \$310,833. The analysis that follows provides a summary of the Office's net assets at June 30, 2007.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current Assets	\$314,503	\$413,722	\$ 20,344	\$ 16,292	\$334,847	\$430,014
Capital Assets, net	98,545	36,560	-	-	98,545	36,560
<b>TOTAL ASSETS</b>	<b>413,048</b>	<b>450,282</b>	<b>20,344</b>	<b>16,292</b>	<b>433,392</b>	<b>466,574</b>
Current Liabilities	96,435	155,741	7,518	-	103,953	155,741
<b>TOTAL LIABILITIES</b>	<b>96,435</b>	<b>155,741</b>	<b>7,518</b>	<b>-</b>	<b>103,953</b>	<b>155,741</b>
Net Assets:						
Invested in Capital Assets, net of related debt	98,545	36,560	-	-	98,545	36,560
Restricted for teacher professional development	21,450	37,671	-	-	21,450	37,671
Unrestricted	196,618	220,310	12,826	16,292	209,444	236,602
<b>TOTAL NET ASSETS</b>	<b>\$316,613</b>	<b>\$294,541</b>	<b>\$ 12,826</b>	<b>\$ 16,292</b>	<b>\$329,439</b>	<b>\$310,833</b>

Net assets of the Regional Office of Education #40 increased by \$18,606 from FY06.

Governmental activities increased the net assets of the Regional Office of Education #40 by \$22,072.

Business-type activities decreased the net assets of the Regional Office of Education #40 by \$3,466.

Net assets related to the Institute Fund are considered restricted for teacher professional development.



CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 68,267	\$ 37,194	\$ 68,267	\$ 37,194
Operating grants & contributions	1,100,480	1,072,605	-	-	1,100,480	1,072,605
Capital grants & contributions	39,011	-	-	-	39,011	-
General revenues:						
Local sources	228,386	250,948	-	-	228,386	250,948
On-behalf payments - Local	90,534	88,875	-	-	90,534	88,875
On-behalf payments - State	219,953	214,918	-	-	219,953	214,918
Interest	3,042	3,006	150	107	3,192	3,113
TOTAL REVENUES	<u>1,681,406</u>	<u>1,630,352</u>	<u>68,417</u>	<u>37,301</u>	<u>1,749,823</u>	<u>1,667,653</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries and benefits	745,160	786,763	-	-	745,160	786,763
Purchased services	421,322	369,792	-	-	421,322	369,792
Supplies and materials	152,492	119,939	-	-	152,492	119,939
Payments to other governments	160	10,501	-	-	160	10,501
Other objects	10,002	10,438	-	-	10,002	10,438
Depreciation	19,711	15,574	-	-	19,711	15,574
Administrative expenses:						
On-behalf payments - Local	90,534	88,875	-	-	90,534	88,875
On-behalf payments - State	219,953	214,918	-	-	219,953	214,918
Business-type expenses	-	-	71,883	44,590	71,883	44,590
TOTAL EXPENSES	<u>1,659,334</u>	<u>1,616,800</u>	<u>71,883</u>	<u>44,590</u>	<u>1,731,217</u>	<u>1,661,390</u>
Changes in Net Assets before Transfers	22,072	13,552	(3,466)	(7,289)	18,606	6,263
Transfers	-	(1,478)	-	1,478	-	-
Changes in Net Assets	22,072	12,074	(3,466)	(5,811)	18,606	6,263
Net Assets, beginning of year	<u>294,541</u>	<u>282,467</u>	<u>16,292</u>	<u>22,103</u>	<u>310,833</u>	<u>304,570</u>
Net Assets, end of year	<u>\$ 316,613</u>	<u>\$ 294,541</u>	<u>\$ 12,826</u>	<u>\$ 16,292</u>	<u>\$ 329,439</u>	<u>\$ 310,833</u>

## **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 report combined fund balances of \$218,068 for FY07, compared to \$257,981 for FY06.

### **Governmental Fund Highlights:**

- The ROE/ISC Operations grant increased by \$12,837.
- Macoupin County continued to support the ROE at 100% with no increase over FY06.
- Tri-Counties support
  - Calhoun County continued to support the ROE at 100% with a 2.9% percent increase over FY06.
  - Jersey County continued to support the ROE at 100% with a 2.9% increase over FY06.
  - Greene County continued to support the ROE at 50% with a 1% increase over FY06.
  - Greene County provided only two quarterly payments instead of the required four payments.

### **Revenues:**

- Local sources decreased \$22,562.
- State sources increased \$34,681.
- On behalf payments increased from local sources \$1,659.
- On behalf payments increased from state sources \$5,035.

Generally, total governmental fund revenues increased by \$12,043 and total governmental fund expenditures increased \$80,383 for FY07.

The state aid foundation level used to calculate the state aid received in FY07 increased to \$5,334 per student from \$5,164 per student in the prior year.

### **Proprietary Fund Highlights:**

The increase of revenues and expenses in the proprietary fund in FY07 compared to FY06 was due to the increase in the number of workshops presented in FY07, namely, Staff Development and College Credit Workshop. Increased requirements for No Child Left Behind necessitated a demand for new educational workshops. These new workshops, along with the increased attendance, explain the increase in revenue. To present these additional workshops, expenses (such as presenter's fees, teacher's stipends, supplies, etc.) also increased.

### **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. However, 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.

#### **Capital Assets:**

Capital assets of the Regional Office of Education #40 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #40 maintains an inventory of capital assets which have been accumulated over time. For FY07, net capital assets increased by \$61,985. Total capital outlay for FY07 was \$42,685, which included computers and printers.

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

At the time these financial statements were prepared and audited, the Regional Office of Education #40 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 \$5,734 per student.
- Several grants have remained near or will remain at previous levels. In addition, the TAOEP grant will be increased by several thousand dollars, but the RESPRO grant will be reduced by a significant amount. The School Services grant will increase by \$1,780.

The Even Start Family Literacy grant was allowed to carry over funds from FY06 to FY07. The reason for this ISBE administrative change was due to an anticipated decrease in grant funds. For FY08, the Even Start Family Literacy program will no longer be funded.

#### **CONTACTING THE REGIONAL OFFICE OF EDUCATION #40'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Regional Office of Education #40's 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, 2007**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 301,205	\$ 25,219	\$ 326,424
Investments	6	-	6
Due from other governments	8,417	-	8,417
Internal balances	4,875	(4,875)	-
<b>Total current assets</b>	<b>314,503</b>	<b>20,344</b>	<b>334,847</b>
Noncurrent assets:			
Capital assets, net	98,545	-	98,545
<b>Total assets</b>	<b>413,048</b>	<b>20,344</b>	<b>433,392</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	12,184	7,433	19,617
Payroll liabilities payable	52,879	85	52,964
Claims payable	6,256	-	6,256
Deferred revenue	25,116	-	25,116
<b>Total current liabilities</b>	<b>96,435</b>	<b>7,518</b>	<b>103,953</b>
<b>NET ASSETS</b>			
Invested in capital assets	98,545	-	98,545
Restricted for teacher professional development	21,450	-	21,450
Unrestricted	196,618	12,826	209,444
<b>Total net assets</b>	<b>\$ 316,613</b>	<b>\$ 12,826</b>	<b>\$ 329,439</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

STATEMENT OF ACTIVITIES  
For the year ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Governmental activities:							
Instructional services:							
Salaries and benefits	\$ 745,160	\$ -	\$ 593,037	\$ -	\$ (152,123)	\$ -	\$ (152,123)
Purchased services	421,322	-	335,310	-	(86,012)	-	(86,012)
Supplies and materials	152,492	-	121,361	-	(31,131)	-	(31,131)
Capital outlay	-	-	42,685	39,011	81,696	-	81,696
Payments to other governments	160	-	127	-	(33)	-	(33)
Other objects	10,002	-	7,960	-	(2,042)	-	(2,042)
Depreciation	19,711	-	-	-	(19,711)	-	(19,711)
Administrative:							
On-behalf payments - Local	90,534	-	-	-	(90,534)	-	(90,534)
On-behalf payments - State	219,953	-	-	-	(219,953)	-	(219,953)
Total governmental activities	1,659,334	-	1,100,480	39,011	(519,843)	-	(519,843)
Business-type activities:							
Instructional	71,883	68,267	-	-	-	(3,616)	(3,616)
Total primary government	\$ 1,731,217	\$ 68,267	\$ 1,100,480	\$ 39,011	\$ (519,843)	\$ (3,616)	\$ (523,459)
General revenues:							
Local sources							
On-behalf payments - Local		228,386					228,386
On-behalf payments - State		90,534					90,534
Interest		219,953				150	219,953
		3,042					3,192
Total general revenues		541,915				150	542,065
Changes in net assets		22,072				(3,466)	18,606
Net assets - beginning		294,541				16,292	310,833
Net assets - ending		\$ 316,613				\$ 12,826	\$ 329,439

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, 2007**

	General Fund	Education Fund	Alternative Schools	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 115,635	\$ 104,050	\$ 37,472	\$ 44,048	\$ 301,205
Investments	-	4	1	1	6
Due from other funds	20,621	-	-	-	20,621
Due from other governments	-	8,417	-	-	8,417
<b>Total assets</b>	<b><u>\$ 136,256</u></b>	<b><u>\$ 112,471</u></b>	<b><u>\$ 37,473</u></b>	<b><u>\$ 44,049</u></b>	<b><u>\$ 330,249</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,446	\$ 6,417	\$ 1,504	\$ 1,817	\$ 12,184
Payroll liabilities payable	3,448	45,993	3,170	268	52,879
Claims payable	-	3,128	3,128	-	6,256
Due to other funds	-	15,746	-	-	15,746
Deferred revenue	-	25,116	-	-	25,116
<b>Total liabilities</b>	<b><u>5,894</u></b>	<b><u>96,400</u></b>	<b><u>7,802</u></b>	<b><u>2,085</u></b>	<b><u>112,181</u></b>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	-	5,877	123	-	6,000
Unreserved, reported in:					
General fund	130,362	-	-	-	130,362
Special revenue funds	-	10,194	29,548	41,964	81,706
<b>Total fund balances</b>	<b><u>130,362</u></b>	<b><u>16,071</u></b>	<b><u>29,671</u></b>	<b><u>41,964</u></b>	<b><u>218,068</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 136,256</u></b>	<b><u>\$ 112,471</u></b>	<b><u>\$ 37,473</u></b>	<b><u>\$ 44,049</u></b>	<b><u>\$ 330,249</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, 2007**

Total fund balances - governmental funds	\$ 218,068
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>98,545</u>
Net assets of governmental activities	<u><u>\$ 316,613</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, 2007**

	General Fund	Education Fund	Alternative Schools	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 162,426	\$ 16,145	\$ -	\$ 49,815	\$ 228,386
State sources	78,727	555,151	97,986	27,450	759,314
Federal sources	-	336,253	-	4,913	341,166
On-behalf payments	310,487	-	-	-	310,487
Interest	930	991	482	639	3,042
<b>Total revenues</b>	<b>552,570</b>	<b>908,540</b>	<b>98,468</b>	<b>82,817</b>	<b>1,642,395</b>
<b>Expenditures:</b>					
<b>Education:</b>					
Salaries and benefits	141,551	529,165	49,047	25,397	745,160
Purchased services	99,122	245,610	25,191	51,399	421,322
Supplies and materials	30,376	94,448	12,525	15,143	152,492
Capital outlay	5,379	19,419	17,137	750	42,685
Payments to other governments	-	160	-	-	160
Other objects	763	3,330	-	5,909	10,002
On-behalf payments	310,487	-	-	-	310,487
<b>Total expenditures</b>	<b>587,678</b>	<b>892,132</b>	<b>103,900</b>	<b>98,598</b>	<b>1,682,308</b>
Excess (deficiency) of revenues over (under) expenditures	(35,108)	16,408	(5,432)	(15,781)	(39,913)
<b>Other financing sources (uses):</b>					
Transfers in	255	-	-	-	255
Transfers out	-	(128)	(127)	-	(255)
<b>Total other financing sources (uses)</b>	<b>255</b>	<b>(128)</b>	<b>(127)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(34,853)</b>	<b>16,280</b>	<b>(5,559)</b>	<b>(15,781)</b>	<b>(39,913)</b>
Fund balances (deficits), beginning of year	165,215	(209)	35,230	57,745	257,981
<b>Fund balances, end of year</b>	<b>\$ 130,362</b>	<b>\$ 16,071</b>	<b>\$ 29,671</b>	<b>\$ 41,964</b>	<b>\$ 218,068</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 STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS**

**For the year ended June 30, 2007**

Net change in fund balances \$ (39,913)

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	42,685	
Depreciation expense	<u>(19,711)</u>	22,974

The net effect of donations involving capital assets is an increase to net assets.	<u>39,011</u>
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Change in net assets of governmental activities	<u><u>\$ 22,072</u></u>
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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, 2007

	Business-Type Activities		Totals
	Enterprise Funds		
	College Credit Workshop	Other Enterprise Funds	
<b>ASSETS</b>			
Cash	\$ 21,746	\$ 3,473	\$ 25,219
Total assets	<u>21,746</u>	<u>3,473</u>	<u>25,219</u>
<b>LIABILITIES</b>			
Accounts payable	7,433	-	7,433
Payroll liabilities payable	-	85	85
Due to other funds	-	4,875	4,875
Total liabilities	<u>7,433</u>	<u>4,960</u>	<u>12,393</u>
<b>NET ASSETS</b>			
Unrestricted	<u>\$ 14,313</u>	<u>\$ (1,487)</u>	<u>\$ 12,826</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, 2007**

	Business-Type Activities		
	Enterprise Funds		
	College Credit Workshop	Other Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 32,300	\$ 35,967	\$ 68,267
Operating expenses:			
Salaries and benefits	-	10,551	10,551
Purchased services	11,988	37,821	49,809
Supplies and materials	6,021	5,502	11,523
Total operating expenses	18,009	53,874	71,883
Operating income (loss)	14,291	(17,907)	(3,616)
Nonoperating revenues:			
Interest	22	128	150
Change in net assets	14,313	(17,779)	(3,466)
Total net assets - beginning	-	16,292	16,292
Total net assets - ending	\$ 14,313	\$ (1,487)	\$ 12,826

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, 2007**

	Business-Type Activities		
	Enterprise Funds		
	College Credit Workshop	Other Enterprise Funds	Totals
Cash flows from operating activities:			
Collection of fees	\$ 32,300	\$ 36,517	\$ 68,817
Payment to suppliers and providers of goods and services	(10,576)	(43,323)	(53,899)
Payment to employees	-	(10,466)	(10,466)
Net cash provided by (used for) operating activities	21,724	(17,272)	4,452
Cash flows from noncapital financing activities:			
Loans from other funds	-	4,875	4,875
Cash flows from investing activities:			
Interest received	22	128	150
Net increase (decrease) in cash	21,746	(12,269)	9,477
Cash - beginning	-	15,742	15,742
Cash - ending	\$ 21,746	\$ 3,473	\$ 25,219
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 14,291	\$ (17,907)	\$ (3,616)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Decrease in accounts receivable	-	550	550
Increase in accounts payable	7,433	-	7,433
Increase in payroll liabilities	-	85	85
Net cash provided by (used for) operating activities	\$ 21,724	\$ (17,272)	\$ 4,452

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, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 5,551</u>
LIABILITIES	
Due to other governments	<u>\$ 5,551</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 Regional 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 Regional 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 Net Assets includes all of the Regional Office of Education #40's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental 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 Regional Office of Education #40 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 of Education #40 office.

**ROE/ISC Operations** – Accounts for grant monies received and expended for general and administrative expenditures.

**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 (07-4932-00), Title V – Innovative Programs (07-4100-00), and Title IV – Safe and Drug Free Schools (07-4400-00).

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.

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.

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.

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.

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 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.

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.

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

Preschool Monitoring – To account for a grant that provides consultants to determine the compliance of preschools.

Alternative Schools – This Special Revenue Fund 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.

The Regional Office of Education #40 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:

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.

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. All funds generated remain restricted until expended only on the aforementioned activities.

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)

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.

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

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

The Regional Office of Education #40 reports the following major proprietary fund:

College Credit Workshop – This Enterprise Fund accounts for expenses incurred for workshops that offer either college credit or other professional development activities.

The Regional Office of Education #40 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.

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)

Enterprise Funds (Continued)

Math and Science Workshop – This fund was established to hold Math & Science Workshops for all teachers in Calhoun-Greene-Jersey-Macoupin Counties. Each teacher is asked to pay a workshop fee to help defray the cost of the workshop (speaker, supplies, etc.).

Staff Development Association – This fund was created as a revolving fund for workshop fees collected and workshop expenses paid.

Additionally, the Regional Office of Education #40 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 custodial 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.

Central Illinois Rural Region Career & Technical Education System – Accounts for the assets held in trust for the benefit of the Central Illinois Rural Region Career & Technical Education System.

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.

**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**

**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."

**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.

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)

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.

5. Equity Classifications

Government-wide Statements

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

**Invested in capital assets** – Consists of capital assets, net of accumulated depreciation.

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

**Unrestricted net assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

Fund Statements

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

E. New Accounting Pronouncement

The Regional Office of Education #40 has implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* effective for the fiscal year beginning July 1, 2006. The Statement had no effect on the Regional Office of Education #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 \$22,974 difference are as follows:

Capital outlay	\$ 42,685
Depreciation expense	<u>(19,711)</u>
Net adjustment to increase net changes in fund balances - governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 22,974</u>

Another element of that reconciliation states that “The net effect of donations involving capital assets is an increase to net assets.” The detail of the reconciling amount is as follows:

Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	<u>\$ 39,011</u>
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**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES  
REGIONAL OFFICE OF EDUCATION #40**

**NOTES TO FINANCIAL STATEMENTS**

**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 IV - Safe and Drug Free Schools, Title V - Innovative Programs, Regional Safe Schools, Adult Education - Performance, Adult Education - State Basic, Adult Education - Public Assistance, Adult Education - Federal Basic, Even Start, and Mathematics and Science Partnerships.

**4. USE OF ESTIMATES**

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

**5. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS**

Interest on Distributive Fund receipts is distributed to funds in proportion to their share of average cash balance.

**6. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2007, the carrying amounts of the Regional Office of Education #40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$301,205, \$25,219 and \$5,551, respectively. The bank balances for the governmental and business-type activities totaled \$344,068, while the bank balances for the fiduciary funds totaled \$8,579. Of the total bank balance for the governmental and business-type activities as of June 30, 2007, \$208,329 was secured by federal depository insurance and \$135,739 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #40's name. Of the total bank balance for the fiduciary funds as of June 30, 2007, \$8,579 was secured by federal depository insurance.

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

**NOTES TO FINANCIAL STATEMENTS**

**6. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

The Illinois Funds Money Market Fund account has a balance of \$6 at June 30, 2007. This amount is fully collateralized and not subject to credit risk.

**7. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Building improvements	\$ 17,130	\$ -	\$ -	\$ 17,130
Equipment and furniture	194,051	81,696	-	275,747
Total capital assets being depreciated	<u>211,181</u>	<u>81,696</u>	<u>-</u>	<u>292,877</u>
Less accumulated depreciation for:				
Building improvements	(6,222)	(1,244)	-	(7,466)
Equipment and furniture	(168,399)	(18,467)	-	(186,866)
Total accumulated depreciation	<u>(174,621)</u>	<u>(19,711)</u>	<u>-</u>	<u>(194,332)</u>
 Governmental activities capital assets, net	 <u>\$ 36,560</u>	 <u>\$ 61,985</u>	 <u>\$ -</u>	 <u>\$ 98,545</u>

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

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 19,711</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**8. 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 for the year ended June 30, 2007 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.8 percent.

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, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Regional Office of Education #40 recognized revenue and expenditures of \$33,286 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006, and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$24,910) and 11.76 percent (\$50,136), respectively.

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

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

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

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

*2.2 Formula Contributions* - Employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$1,974. Contributions for the years ended June 30, 2006, and June 30, 2005 were \$2,046 and \$2,473, respectively.

*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. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same at the state contribution rate to TRS.

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from those funds. For the year ended June 30, 2005, the employer contribution rate was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$37,814 were paid from federal and trust funds that required employer contributions of \$3,698. For the years ended June 30, 2006 and June 30, 2005, required employer contributions were \$5,222 and \$10,948, 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 and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

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

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

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

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

For the three years ended June 30, 2007, the Regional Office of Education #40 paid no employer contributions under the Early Retirement Option.

*Salary increases over 6 percent and excess sick leave* - Public Act 94-0004 added two new employer contributions to TRS.

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

For the two years ended June 30, 2007, the Regional Office of Education #40 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.6 percent of salary during the year ended June 30, 2007).

For the two years ended June 30, 2007, the Regional Office of Education #40 made no payments to TRS for sick leave days granted in the excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for the year ended June 30, 2007, is expected to be available in late 2007.

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

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

NOTES TO FINANCIAL STATEMENTS

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

**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 4.5 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 2006 was 9.15 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

For December 31, 2006, the Regional Office of Education #40's annual pension cost of \$25,759 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, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

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

**NOTES TO FINANCIAL STATEMENTS**

**8. 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>
12/31/2006	\$ 25,759	100%	\$ -
12/31/2005	26,149	100%	-
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%	-

**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**

**9. INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Due To (Receivable)</u>	<u>Due From (Payable)</u>	<u>Balance at June 30, 2007</u>
General Fund:	Nonmajor Proprietary Fund:	
Direct Services	Early Childhood Math	\$ 2,043
Direct Services	Staff Development Association	2,832
		4,875
General Fund:	Education Fund:	
ROE/ISC Operations	Regional System of Support Provider	1,447
Direct Services	Title II Coop	6,703
Direct Services	Regional System of Support Provider	6,626
Administrative Fund	Preschool Monitoring	970
		15,746
		\$ 20,621

The interfund balances between the General Fund and the Nonmajor Proprietary Fund and the Education Fund are within the same pooled cash account. The amounts are cash balances borrowed from the General Fund by the Nonmajor Proprietary Fund and the Education Fund.

**10. 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**

**11. 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	\$ 66,843
Supplies and materials	813
Purchased services	<u>22,878</u>
Macoupin County total	<u>90,534</u>
State of Illinois:	
Regional Superintendent - salary	84,737
Regional Superintendent - benefits (includes State paid insurance)	11,220
Assistant Regional Superintendent - salary	76,263
Assistant Regional Superintendent - benefits (includes State paid insurance)	14,447
TRS pension contributions	<u>33,286</u>
State of Illinois total	<u>219,953</u>
	<u><u>\$ 310,487</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.

**12. 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; however, a lawsuit that was denied coverage from the insurance company was settled for \$10,000 during the year ended June 30, 2006.

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

**NOTES TO FINANCIAL STATEMENTS**

**13. 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.

**14. OPERATING LEASES**

During the 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</u> <u>June 30,</u>	<u>Amount</u>
2008	<u><u>\$ 21,774</u></u>

**15. 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	
Education Fund:	
Illinois Community College Board	\$ 6,000
Teachers' Retirement System of the State of Illinois	1,447
Regional Office of Education #27	<u>970</u>
Total	<u><u>\$ 8,417</u></u>
Due To Other Governments	
Fiduciary Fund:	
Central Illinois Rural Region Career & Technical Education System	\$ 5,145
Northwestern Community Unit School District #2	<u>406</u>
Total	<u><u>\$ 5,551</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**16. SCHEDULE OF TRANSFERS**

<u>Transfers From Other Funds (Transfers In)</u>		<u>Transfers To Other Funds (Transfers Out)</u>	
General Fund:		Education Fund:	
Plaza Repair/Maintenance	\$ 128	Regional Safe Schools	\$ 128
General Fund:		Alternative Schools Fund	
Plaza Repair/Maintenance	<u>127</u>		<u>127</u>
	<u>\$ 255</u>		<u>\$ 255</u>

Transfers from the Education Fund and the Alternative Schools Fund to the General Fund were to close out a General Fund Account.

**17. DEFICIT FUND BALANCES**

The following individual funds carried the following deficit balances as of June 30, 2007:

Administrative Fund	\$ 29,949
Title II Coop	\$ 6,703
Adult Education - Performance	\$ 1
Adult Education - Federal Basic	\$ 1,653
Regional System of Support Provider	\$ 8,073

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

**18. NEGATIVE NET ASSETS**

The following individual funds had negative net assets as of June 30, 2007:

Early Childhood Math	\$ 2,043
Staff Development Association	\$ 2,832

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

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

**NOTES TO FINANCIAL STATEMENTS**

**19. RECLASSIFICATIONS**

The Regional Office of Education #40 reclassified one of its governmental funds from Other Nonmajor Funds to the major fund, Alternative Schools. Therefore, fund balances have been reclassified as follows:

	<u>Alternative Schools</u>	<u>Other Nonmajor Funds</u>
Fund balance at June 30, 2006	\$ -	\$ 92,975
Reclassification adjustments	<u>35,230</u>	<u>(35,230)</u>
Fund balance restated at June 30, 2006	<u>\$ 35,230</u>	<u>\$ 57,745</u>

**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)
12/31/2006	\$ 360,980	\$ 435,068	\$ 74,088	82.97%	\$281,519	26.32%
12/31/2005	363,802	384,614	20,812	94.59%	283,302	7.35%
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%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$400,866. On a market basis, the funded ratio would be 92.14%.

**Digest of Changes:**

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

The principal changes were:

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

SLEP Member contribution rate changed from 6.5% to 7.5% effective June 1, 2006.

**SUPPLEMENTAL INFORMATION**



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

COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2007

	Administrative Fund	Testing Center	Jerseyville Office Account
<b>ASSETS</b>			
Cash	\$ -	\$ 25,317	\$ 33,889
Due from other funds	970	-	-
Total assets	<u>\$ 970</u>	<u>\$ 25,317</u>	<u>\$ 33,889</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 798	\$ -	\$ -
Payroll liabilities payable	1,529	-	774
Due to other funds	28,592	-	-
Total liabilities	<u>30,919</u>	<u>-</u>	<u>774</u>
<b>FUND BALANCES</b>			
Unreserved	(29,949)	25,317	33,115
Total liabilities and fund balances	<u>\$ 970</u>	<u>\$ 25,317</u>	<u>\$ 33,889</u>

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

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

	<u>ROE/ISC Operations</u>	<u>Direct Services</u>	<u>Regional Initiative Fund</u>
<b>ASSETS</b>			
Cash	\$ 1,542	\$ 2,393	\$ 52,494
Due from other funds	<u>1,447</u>	<u>46,796</u>	<u>-</u>
Total assets	<u><u>\$ 2,989</u></u>	<u><u>\$ 49,189</u></u>	<u><u>\$ 52,494</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 148	\$ 1,500	\$ -
Payroll liabilities payable	1,145	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,293</u>	<u>1,500</u>	<u>-</u>
<b>FUND BALANCES</b>			
Unreserved	<u>1,696</u>	<u>47,689</u>	<u>52,494</u>
Total liabilities and fund balances	<u><u>\$ 2,989</u></u>	<u><u>\$ 49,189</u></u>	<u><u>\$ 52,494</u></u>

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

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

	Plaza Repair/ Maintenance	Eliminations	Totals
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ 115,635
Due from other funds	-	(28,592)	20,621
<b>Total assets</b>	<b>\$ -</b>	<b>\$ (28,592)</b>	<b>\$ 136,256</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 2,446
Payroll liabilities payable	-	-	3,448
Due to other funds	-	(28,592)	-
<b>Total liabilities</b>	<b>-</b>	<b>(28,592)</b>	<b>5,894</b>
<b>FUND BALANCES</b>			
Unreserved	-	-	130,362
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ (28,592)</b>	<b>\$ 136,256</b>

**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, 2007**

	Administrative Fund	Testing Center	Jerseyville Office Account
<b>Revenues:</b>			
Local sources	\$ 46,788	\$ 29,893	\$ 64,848
State sources	-	-	-
On-behalf payments	310,487	-	-
Interest	681	177	-
Total revenues	<u>357,956</u>	<u>30,070</u>	<u>64,848</u>
<b>Expenditures:</b>			
Salaries and benefits	2,842	-	63,272
Purchased services	47,596	12,390	3,643
Supplies and materials	13,197	13,413	455
Capital outlay	3,899	-	1,480
Other objects	-	-	763
On-behalf payments	310,487	-	-
Total expenditures	<u>378,021</u>	<u>25,803</u>	<u>69,613</u>
Excess (deficiency) of revenues over (under) expenditures	(20,065)	4,267	(4,765)
<b>Other financing sources:</b>			
Transfers in	-	-	-
Net change in fund balances	(20,065)	4,267	(4,765)
Fund balances (deficits), beginning of year	<u>(9,884)</u>	<u>21,050</u>	<u>37,880</u>
Fund balances (deficits), end of year	<u>\$ (29,949)</u>	<u>\$ 25,317</u>	<u>\$ 33,115</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, 2007

	ROE/ISC Operations	Direct Services	Regional Initiative Fund
<b>Revenues:</b>			
Local sources	\$ -	\$ 20,497	\$ 400
State sources	78,727	-	-
On-behalf payments	-	-	-
Interest	72	-	-
Total revenues	<u>78,799</u>	<u>20,497</u>	<u>400</u>
<b>Expenditures:</b>			
Salaries and benefits	75,437	-	-
Purchased services	10,875	23,811	807
Supplies and materials	1,378	-	1,933
Capital outlay	-	-	-
Other objects	-	-	-
On-behalf payments	-	-	-
Total expenditures	<u>87,690</u>	<u>23,811</u>	<u>2,740</u>
Excess (deficiency) of revenues over (under) expenditures	(8,891)	(3,314)	(2,340)
<b>Other financing sources:</b>			
Transfers in	-	-	-
Net change in fund balances	(8,891)	(3,314)	(2,340)
Fund balances (deficits), beginning of year	<u>10,587</u>	<u>51,003</u>	<u>54,834</u>
Fund balances (deficits), end of year	<u>\$ 1,696</u>	<u>\$ 47,689</u>	<u>\$ 52,494</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, 2007**

	Plaza Repair/ Maintenance	Totals
<b>Revenues:</b>		
Local sources	\$ -	\$ 162,426
State sources	-	78,727
On-behalf payments	-	310,487
Interest	-	930
	-	552,570
<b>Expenditures:</b>		
Salaries and benefits	-	141,551
Purchased services	-	99,122
Supplies and materials	-	30,376
Capital outlay	-	5,379
Other objects	-	763
On-behalf payments	-	310,487
	-	587,678
Excess (deficiency) of revenues over (under) expenditures	-	(35,108)
<b>Other financing sources:</b>		
Transfers in	255	255
	255	(34,853)
Net change in fund balances	255	(34,853)
Fund balances (deficits), beginning of year	(255)	165,215
Fund balances (deficits), end of year	\$ -	\$ 130,362

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 78,727	\$ 78,727	\$ 78,727	\$ -
Interest	-	-	72	72
Total revenues	<u>78,727</u>	<u>78,727</u>	<u>78,799</u>	<u>72</u>
Expenditures:				
Salaries and benefits	68,727	68,727	75,437	(6,710)
Purchased services	9,000	9,000	10,875	(1,875)
Supplies and materials	1,000	1,000	1,378	(378)
Total expenditures	<u>78,727</u>	<u>78,727</u>	<u>87,690</u>	<u>(8,963)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(8,891)	<u>\$ (8,891)</u>
Fund balance, beginning of year			<u>10,587</u>	
Fund balance, end of year			<u>\$ 1,696</u>	

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

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

	<u>Truants Alternative/ Optional Education</u>	<u>Mini Grants</u>	<u>Regional Safe Schools</u>
<b>ASSETS</b>			
Cash	\$ 9,691	\$ -	\$ 48,246
Investments	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 9,691</u>	<u>\$ -</u>	<u>\$ 48,246</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 9	\$ -	\$ 2,273
Payroll liabilities payable	9,635	-	16,942
Claims payable	-	-	3,128
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>9,644</u>	<u>-</u>	<u>22,343</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	-	-	-
Unreserved	<hr/> 47	<hr/> -	<hr/> 25,903
Total fund balances	<u>47</u>	<u>-</u>	<u>25,903</u>
Total liabilities and fund balances	<u>\$ 9,691</u>	<u>\$ -</u>	<u>\$ 48,246</u>



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

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

	<u>Title II - Coop</u>	<u>Adult Education - Performance</u>	<u>Adult Education - State Basic</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 4,252	\$ 5,116
Investments	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 4,252</u>	<u>\$ 5,116</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 491	\$ 474
Payroll liabilities payable	-	3,762	4,640
Claims payable	-	-	-
Due to other funds	6,703	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>6,703</u>	<u>4,253</u>	<u>5,114</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	-	-	-
Unreserved	<u>(6,703)</u>	<u>(1)</u>	<u>2</u>
Total fund balances	<u>(6,703)</u>	<u>(1)</u>	<u>2</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 4,252</u>	<u>\$ 5,116</u>

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

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

	<u>Adult Education - Public Assistance</u>	<u>National School Lunch</u>	<u>Adult Education - Federal Basic</u>
<b>ASSETS</b>			
Cash	\$ 2,126	\$ 2,427	\$ 3,587
Investments	-	4	-
Due from other funds	-	-	-
Due from other governments	6,000	-	-
	<u>6,000</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,126</u>	<u>\$ 2,431</u>	<u>\$ 3,587</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 432	\$ 8	\$ 465
Payroll liabilities payable	3,982	-	4,775
Claims payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,414</u>	<u>8</u>	<u>5,240</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	5,877	-	-
Unreserved	<u>(2,165)</u>	<u>2,423</u>	<u>(1,653)</u>
Total fund balances	<u>3,712</u>	<u>2,423</u>	<u>(1,653)</u>
Total liabilities and fund balances	<u>\$ 8,126</u>	<u>\$ 2,431</u>	<u>\$ 3,587</u>

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

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

	<u>Even Start</u>	<u>Regional System of Support Provider</u>	<u>Mathematics and Science Partnerships</u>
<b>ASSETS</b>			
Cash	\$ 18,731	\$ -	\$ 8,306
Investments	-	-	-
Due from other funds	-	-	-
Due from other governments	-	1,447	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 18,731</u>	<u>\$ 1,447</u>	<u>8,306</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,265	\$ -	\$ -
Payroll liabilities payable	554	1,447	256
Claims payable	-	-	-
Due to other funds	-	8,073	-
Deferred revenue	15,774	-	7,804
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>18,593</u>	<u>9,520</u>	<u>8,060</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	-	-	-
Unreserved	138	(8,073)	246
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>138</u>	<u>(8,073)</u>	<u>246</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 18,731</u>	<u>\$ 1,447</u>	<u>\$ 8,306</u>

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

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

	Standards Aligned Classroom	Preschool Monitoring	Totals
<b>ASSETS</b>			
Cash	\$ 1,568	\$ -	\$ 104,050
Investments	-	-	4
Due from other funds	-	-	-
Due from other governments	-	970	8,417
	<u>1,568</u>	<u>970</u>	<u>8,417</u>
Total assets	<u>\$ 1,568</u>	<u>\$ 970</u>	<u>\$ 112,471</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 6,417
Payroll liabilities payable	-	-	45,993
Claims payable	-	-	3,128
Due to other funds	-	970	15,746
Deferred revenue	1,538	-	25,116
	<u>1,538</u>	<u>970</u>	<u>25,116</u>
Total liabilities	<u>1,538</u>	<u>970</u>	<u>96,400</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	-	-	5,877
Unreserved	<u>30</u>	<u>-</u>	<u>10,194</u>
Total fund balances	<u>30</u>	<u>-</u>	<u>16,071</u>
Total liabilities and fund balances	<u>\$ 1,568</u>	<u>\$ 970</u>	<u>\$ 112,471</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, 2007**

	Truants Alternative/ Optional Education	Mini Grants	Regional Safe Schools
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 3,373
State sources	116,364	-	274,868
Federal sources	-	747	-
Interest	70	-	507
	<u>116,434</u>	<u>747</u>	<u>278,748</u>
<b>Expenditures:</b>			
Salaries and benefits	106,110	-	177,572
Purchased services	7,978	747	49,232
Supplies and materials	2,060	-	19,454
Capital outlay	286	-	17,137
Payments to other governments	-	-	-
Other objects	-	-	-
	<u>116,434</u>	<u>747</u>	<u>263,395</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	15,353
<b>Other financing uses:</b>			
Transfers out	-	-	(128)
	<u>-</u>	<u>-</u>	<u>15,225</u>
Net change in fund balances	-	-	15,225
Fund balances (deficits), beginning of year	47	-	10,678
	<u>47</u>	<u>-</u>	<u>10,678</u>
Fund balances (deficits), end of year	\$ 47	\$ -	\$ 25,903

**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, 2007**

	Title II - Coop	Adult Education - Performance	Adult Education - State Basic
<b>Revenues:</b>			
Local sources	\$ 12,772	\$ -	\$ -
State sources	-	39,063	37,672
Federal sources	-	-	-
Interest	-	40	42
	<u>12,772</u>	<u>39,103</u>	<u>37,714</u>
<b>Expenditures:</b>			
Salaries and benefits	-	38,164	33,905
Purchased services	9,783	128	3,013
Supplies and materials	2,843	40	42
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	771	753
	<u>12,626</u>	<u>39,103</u>	<u>37,713</u>
Excess (deficiency) of revenues over (under) expenditures	146	-	1
<b>Other financing uses:</b>			
Transfers out	-	-	-
	<u>146</u>	<u>-</u>	<u>1</u>
Net change in fund balances	146	-	1
Fund balances (deficits), beginning of year	<u>(6,849)</u>	<u>(1)</u>	<u>1</u>
Fund balances (deficits), end of year	<u>\$ (6,703)</u>	<u>\$ (1)</u>	<u>\$ 2</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, 2007**

	<u>Adult Education - Public Assistance</u>	<u>National School Lunch</u>	<u>Adult Education - Federal Basic</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	51,356	159	-
Federal sources	-	3,657	38,991
Interest	4	6	6
	<hr/>	<hr/>	<hr/>
Total revenues	51,360	3,822	38,997
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	38,416	-	33,669
Purchased services	6,036	1,672	1,686
Supplies and materials	312	448	2,863
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	1,027	-	779
	<hr/>	<hr/>	<hr/>
Total expenditures	45,791	2,120	38,997
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	5,569	1,702	-
Other financing uses:			
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	5,569	1,702	-
Fund balances (deficits), beginning of year	<u>(1,857)</u>	<u>721</u>	<u>(1,653)</u>
Fund balances (deficits), end of year	<u>\$ 3,712</u>	<u>\$ 2,423</u>	<u>\$ (1,653)</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, 2007**

	<u>Even Start</u>	<u>Regional System of Support Provider</u>	<u>Mathematics and Science Partnerships</u>
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	16,199	-
Federal sources	68,636	3,770	215,404
Interest	75	-	230
<b>Total revenues</b>	<u>68,711</u>	<u>19,969</u>	<u>215,634</u>
<b>Expenditures:</b>			
Salaries and benefits	38,522	26,391	32,339
Purchased services	26,366	87	119,472
Supplies and materials	3,250	-	63,095
Capital outlay	498	-	498
Payments to other governments	-	-	160
Other objects	-	-	-
<b>Total expenditures</b>	<u>68,636</u>	<u>26,478</u>	<u>215,564</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>75</b>	<b>(6,509)</b>	<b>70</b>
<b>Other financing uses:</b>			
Transfers out	-	-	-
<b>Net change in fund balances</b>	<b>75</b>	<b>(6,509)</b>	<b>70</b>
<b>Fund balances (deficits), beginning of year</b>	<u>63</u>	<u>(1,564)</u>	<u>176</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 138</u>	<u>\$ (8,073)</u>	<u>\$ 246</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, 2007**

	Standards Aligned Classroom	Preschool Monitoring	Totals
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 16,145
State sources	-	19,470	555,151
Federal sources	5,048	-	336,253
Interest	11	-	991
<b>Total revenues</b>	<b>5,059</b>	<b>19,470</b>	<b>908,540</b>
<b>Expenditures:</b>			
Salaries and benefits	4,077	-	529,165
Purchased services	971	18,439	245,610
Supplies and materials	10	31	94,448
Capital outlay	-	1,000	19,419
Payments to other governments	-	-	160
Other objects	-	-	3,330
<b>Total expenditures</b>	<b>5,058</b>	<b>19,470</b>	<b>892,132</b>
Excess (deficiency) of revenues over (under) expenditures	1	-	16,408
<b>Other financing uses:</b>			
Transfers out	-	-	(128)
<b>Net change in fund balances</b>	<b>1</b>	<b>-</b>	<b>16,280</b>
Fund balances (deficits), beginning of year	29	-	(209)
Fund balances (deficits), end of year	<b>\$ 30</b>	<b>\$ -</b>	<b>\$ 16,071</b>

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources	\$ 116,364	\$ 116,364	\$ 116,364	\$ -
Interest	-	-	70	70
	<u>116,364</u>	<u>116,364</u>	<u>116,434</u>	<u>70</u>
<b>Total revenue</b>				
<b>Expenditures:</b>				
Salaries and benefits	110,114	105,920	106,110	(190)
Purchased services	4,250	8,444	7,978	466
Supplies and materials	2,000	2,000	2,060	(60)
Capital outlay	-	-	286	(286)
	<u>116,364</u>	<u>116,364</u>	<u>116,434</u>	<u>(70)</u>
<b>Total expenditures</b>				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>47</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 #07-4932-00  
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 522	\$ 522	\$ 522	\$ -
Expenditures:				
Purchased services	522	522	522	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

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 IV - SAFE AND DRUG FREE SCHOOLS - PROJECT #07-4400-00  
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 133	\$ 133	\$ 133	\$ -
Expenditures:				
Purchased services	133	133	133	-
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

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  
TITLE V - INNOVATIVE PROGRAMS - PROJECT #07-4100-00  
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 92	\$ 92	\$ 92	\$ -
Expenditures:				
Purchased services	92	92	92	-
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 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 #07-3696-00  
For the year ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 3,373	\$ 3,373
State sources	153,461	154,800	274,868	120,068
Interest	-	-	507	507
	<u>153,461</u>	<u>154,800</u>	<u>278,748</u>	<u>123,948</u>
<b>Expenditures:</b>				
Salaries and benefits	116,712	118,073	177,572	(59,499)
Purchased services	24,007	25,667	49,232	(23,565)
Supplies and materials	9,673	11,060	19,454	(8,394)
Capital outlay	-	-	17,137	(17,137)
Payments to other governments	3,069	-	-	-
	<u>153,461</u>	<u>154,800</u>	<u>263,395</u>	<u>(108,595)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	15,353	<u>\$ 15,353</u>
<b>Other financing uses:</b>				
Transfers out			(128)	
Net change in fund balance			15,225	
Fund balance, beginning of year			10,678	
Fund balance, end of year			<u>\$ 25,903</u>	

Note: Actual column also includes Regional Safe Schools State Aid revenue (project #07-3001-93) of \$120,068.

**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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources	\$ 39,063	\$ 39,063	\$ 39,063	\$ -
Interest	-	-	40	40
<b>Total revenues</b>	<u>39,063</u>	<u>39,063</u>	<u>39,103</u>	<u>40</u>
<b>Expenditures:</b>				
Salaries and benefits	38,154	38,154	38,164	(10)
Purchased services	128	128	128	-
Supplies and materials	-	-	40	(40)
Other objects	781	781	771	10
<b>Total expenditures</b>	<u>39,063</u>	<u>39,063</u>	<u>39,103</u>	<u>(40)</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance (deficit), beginning of year			<u>(1)</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 37,672	\$ 37,672	\$ 37,672	\$ -
Interest	-	-	42	42
Total revenues	<u>37,672</u>	<u>37,672</u>	<u>37,714</u>	<u>42</u>
Expenditures:				
Salaries and benefits	33,906	33,906	33,905	1
Purchased services	3,013	3,013	3,013	-
Supplies and materials	-	-	42	(42)
Other objects	753	753	753	-
Total expenditures	<u>37,672</u>	<u>37,672</u>	<u>37,713</u>	<u>(41)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund balance, beginning of year			<u>1</u>	
Fund balance, end of year			<u>\$ 2</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 45,356	\$ 45,356	\$ 51,356	\$ 6,000
Interest	-	-	4	4
	<u>45,356</u>	<u>45,356</u>	<u>51,360</u>	<u>6,004</u>
Total revenues				
Expenditures:				
Salaries and benefits	38,413	38,413	38,416	(3)
Purchased services	6,036	6,036	6,036	-
Supplies and materials	-	-	312	(312)
Other objects	907	907	1,027	(120)
	<u>45,356</u>	<u>45,356</u>	<u>45,791</u>	<u>(435)</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	5,569	<u>\$ 5,569</u>
Fund balance (deficit), beginning of year			<u>(1,857)</u>	
Fund balance, end of year			<u>\$ 3,712</u>	

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 38,991	\$ 38,991	\$ 38,991	\$ -
Interest	-	-	6	6
Total revenues	38,991	38,991	38,997	6
Expenditures:				
Salaries and benefits	34,382	34,382	33,669	713
Purchased services	1,629	1,629	1,686	(57)
Supplies and materials	2,200	2,200	2,863	(663)
Other objects	780	780	779	1
Total expenditures	38,991	38,991	38,997	(6)
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance (deficit), beginning of year			(1,653)	
Fund balance (deficit), end of year			\$ (1,653)	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EVEN START - PROJECT #07-4335-00  
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 75,000	\$ 84,411	\$ 68,636	\$ (15,775)
Interest	-	-	75	75
Total revenues	<u>75,000</u>	<u>84,411</u>	<u>68,711</u>	<u>(15,700)</u>
Expenditures:				
Salaries and benefits	50,307	48,308	38,522	9,786
Purchased services	18,943	29,736	26,366	3,370
Supplies and materials	5,750	6,367	3,250	3,117
Capital outlay	-	-	498	(498)
Total expenditures	<u>75,000</u>	<u>84,411</u>	<u>68,636</u>	<u>15,775</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	75	<u>\$ 75</u>
Fund balance, beginning of year			<u>63</u>	
Fund balance, end of year			<u>\$ 138</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MATHEMATICS AND SCIENCE PARTNERSHIPS - PROJECT #06-4936-00  
For the year ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 183,035	\$ 183,035	\$ 145,108	\$ (37,927)
Interest	-	-	160	160
Total revenues	183,035	183,035	145,268	(37,767)
Expenditures:				
Salaries and benefits	30,819	30,819	15,904	14,915
Purchased services	107,812	110,212	85,046	25,166
Supplies and materials	44,404	42,004	43,660	(1,656)
Capital outlay	-	-	498	(498)
Payments to other governments	-	-	160	(160)
Total expenditures	183,035	183,035	145,268	37,767
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			176	
Fund balance, August 31, 2006			\$ 176	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MATHEMATICS AND SCIENCE PARTNERSHIPS - PROJECT #07-4936-00  
For the year ended June 30, 2007**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b>Revenues:</b>				
Federal sources	\$ 197,463	\$ 197,463	\$ 70,296	\$(127,167)
Interest	-	-	70	70
Total revenues	197,463	197,463	70,366	(127,097)
<b>Expenditures:</b>				
Salaries and benefits	31,343	31,343	16,435	14,908
Purchased services	123,620	123,620	34,426	89,194
Supplies and materials	42,500	42,500	19,435	23,065
Total expenditures	197,463	197,463	70,296	127,167
Excess of revenues over expenditures	\$ -	\$ -	70	\$ 70
Fund balance, September 1, 2006			176	
Fund balance, end of year			\$ 246	

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

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

	<u>General Education Development</u>	<u>Seventh Judicial Family Violence</u>	<u>Bus Driver</u>
<b>ASSETS</b>			
Cash	\$ 2,274	\$ 5,785	\$ 7,284
Investments	-	-	-
Total assets	<u>\$ 2,274</u>	<u>\$ 5,785</u>	<u>\$ 7,284</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 25	\$ 1,612	\$ -
Payroll liabilities payable	<u>5</u>	<u>263</u>	<u>-</u>
Total liabilities	<u>30</u>	<u>1,875</u>	<u>-</u>
<b>FUND BALANCES</b>			
Unreserved	<u>2,244</u>	<u>3,910</u>	<u>7,284</u>
Total liabilities and fund balances	<u>\$ 2,274</u>	<u>\$ 5,785</u>	<u>\$ 7,284</u>

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

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

	Institute	Leaders in Technology Enhanced Schools Fund	Olympiad Fund
<b>ASSETS</b>			
Cash	\$ 21,629	\$ -	\$ 6,832
Investments	1	-	-
Total assets	\$ 21,630	\$ -	\$ 6,832
<b>LIABILITIES</b>			
Accounts payable	\$ 180	\$ -	\$ -
Payroll liabilities payable	-	-	-
Total liabilities	180	-	-
<b>FUND BALANCES</b>			
Unreserved	21,450	-	6,832
Total liabilities and fund balances	\$ 21,630	\$ -	\$ 6,832

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

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

	Trustee	Supervisory	Totals
<b>ASSETS</b>			
Cash	\$ 244	\$ -	\$ 44,048
Investments	-	-	1
	\$ 244	\$ -	\$ 44,049
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 1,817
Payroll liabilities payable	-	-	268
	-	-	2,085
<b>FUND BALANCES</b>			
Unreserved	244	-	41,964
	\$ 244	\$ -	\$ 44,049



**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, 2007**

	<u>General Education Development</u>	<u>Seventh Judicial Family Violence</u>	<u>Bus Driver</u>
<b>Revenues:</b>			
Local sources	\$ 16,311	\$ -	\$ 1,036
State sources	-	22,730	720
Federal sources	-	-	-
Interest	24	50	77
	<u>16,335</u>	<u>22,780</u>	<u>1,833</u>
<b>Expenditures:</b>			
Salaries and benefits	10,283	15,114	-
Purchased services	4,923	3,214	1,727
Supplies and materials	1,302	2,989	76
Capital outlay	-	-	-
Other objects	-	-	-
	<u>16,508</u>	<u>21,317</u>	<u>1,803</u>
Net change in fund balances	(173)	1,463	30
Fund balances, beginning of year	<u>2,417</u>	<u>2,447</u>	<u>7,254</u>
Fund balances, end of year	<u>\$ 2,244</u>	<u>\$ 3,910</u>	<u>\$ 7,284</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, 2007**

	Institute	Leaders in Technology Enhanced Schools Fund	Olympiad Fund
<b>Revenues:</b>			
Local sources	\$ 21,868	\$ -	\$ 10,600
State sources	-	-	-
Federal sources	-	4,913	-
Interest	384	13	91
<b>Total revenues</b>	<b>22,252</b>	<b>4,926</b>	<b>10,691</b>
<b>Expenditures:</b>			
Salaries and benefits	-	-	-
Purchased services	25,134	4,655	7,611
Supplies and materials	7,430	1,114	2,232
Capital outlay	-	750	-
Other objects	5,909	-	-
<b>Total expenditures</b>	<b>38,473</b>	<b>6,519</b>	<b>9,843</b>
<b>Net change in fund balances</b>	<b>(16,221)</b>	<b>(1,593)</b>	<b>848</b>
<b>Fund balances, beginning of year</b>	<b>37,671</b>	<b>1,593</b>	<b>5,984</b>
<b>Fund balances, end of year</b>	<b>\$ 21,450</b>	<b>\$ -</b>	<b>\$ 6,832</b>

**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, 2007**

	<u>Trustee</u>	<u>Supervisory</u>	<u>Totals</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 49,815
State sources	-	4,000	27,450
Federal sources	-	-	4,913
Interest	-	-	639
Total revenues	<u>-</u>	<u>4,000</u>	<u>82,817</u>
Expenditures:			
Salaries and benefits	-	-	25,397
Purchased services	135	4,000	51,399
Supplies and materials	-	-	15,143
Capital outlay	-	-	750
Other objects	-	-	5,909
Total expenditures	<u>135</u>	<u>4,000</u>	<u>98,598</u>
Net change in fund balances	(135)	-	(15,781)
Fund balances, beginning of year	<u>379</u>	<u>-</u>	<u>57,745</u>
Fund balances, end of year	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 41,964</u>

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

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2007**

	Early Childhood Math	Administrators' Academy	Math & Science Workshop
<b>ASSETS</b>			
Cash	\$ -	\$ 2,702	\$ 771
Total assets	-	2,702	771
<b>LIABILITIES</b>			
Payroll liabilities payable	-	85	-
Due to other funds	2,043	-	-
Total liabilities	2,043	85	-
<b>NET ASSETS</b>			
Unrestricted	\$ (2,043)	\$ 2,617	\$ 771

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

COMBINING STATEMENT OF NET ASSETS (Continued)  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2007

	<u>Staff Development Association</u>	<u>Totals</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 3,473
Total assets	<u>-</u>	<u>3,473</u>
<b>LIABILITIES</b>		
Payroll liabilities payable	-	85
Due to other funds	<u>2,832</u>	<u>4,875</u>
Total liabilities	<u>2,832</u>	<u>4,960</u>
<b>NET ASSETS</b>		
Unrestricted	<u>\$ (2,832)</u>	<u>\$ (1,487)</u>

**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, 2007**

	Early Childhood Math	Administrators' Academy	Math & Science Workshop
Operating revenues:			
Charges for services	\$ 5,841	\$ 2,985	\$ -
Operating expenses:			
Salaries and benefits	-	10,551	-
Purchased services	8,036	4,142	-
Supplies and materials	877	261	-
Total operating expenses	8,913	14,954	-
Operating loss	(3,072)	(11,969)	-
Nonoperating revenues:			
Interest	-	92	2
Change in net assets	(3,072)	(11,877)	2
Total net assets - beginning	1,029	14,494	769
Total net assets - ending	\$ (2,043)	\$ 2,617	\$ 771

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS (Continued)  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2007**

	<u>Staff Development Association</u>	<u>Totals</u>
Operating revenues:		
Charges for services	\$ 27,141	\$ 35,967
Operating expenses:		
Salaries and benefits	-	10,551
Purchased services	25,643	37,821
Supplies and materials	4,364	5,502
Total operating expenses	<u>30,007</u>	<u>53,874</u>
Operating loss	(2,866)	(17,907)
Nonoperating revenues:		
Interest	34	128
Change in net assets	(2,832)	(17,779)
Total net assets - beginning	<u>-</u>	<u>16,292</u>
Total net assets - ending	<u>\$ (2,832)</u>	<u>\$ (1,487)</u>

**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, 2007**

	Early Childhood Math	Administrators' Academy	Math & Science Workshop
Cash flows from operating activities:			
Collection of fees	\$ 6,391	\$ 2,985	\$ -
Payment to suppliers and providers of goods and services	(8,913)	(4,403)	-
Payments to employees	-	(10,466)	-
Net cash used for operating activities	(2,522)	(11,884)	-
Cash flows from noncapital financing activities:			
Loan from other funds	2,043	-	-
Cash flows from investing activities:			
Interest received	-	92	2
Net increase (decrease) in cash	(479)	(11,792)	2
Cash - beginning	479	14,494	769
Cash - ending	\$ -	\$ 2,702	\$ 771
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (3,072)	\$ (11,969)	\$ -
Adjustments to reconcile operating loss to net cash used for operating activities:			
Decrease in accounts receivable	550	-	-
Increase in payroll liabilities	-	85	-
Net cash used for operating activities	\$ (2,522)	\$ (11,884)	\$ -



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

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (Continued)  
For the year ended June 30, 2007**

	<u>Staff Development Association</u>	<u>Totals</u>
Cash flows from operating activities:		
Collection of fees	\$ 27,141	\$ 36,517
Payment to suppliers and providers of goods and services	(30,007)	(43,323)
Payments to employees	-	(10,466)
Net cash used for operating activities	(2,866)	(17,272)
Cash flows from noncapital financing activities:		
Loan from other funds	2,832	4,875
Cash flows from investing activities:		
Interest received	34	128
Net increase (decrease) in cash	-	(12,269)
Cash - beginning	-	15,742
Cash - ending	<u>\$ -</u>	<u>\$ 3,473</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,866)	\$ (17,907)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Decrease in accounts receivable	-	550
Increase in payroll liabilities	-	85
Net cash used for operating activities	<u>\$ (2,866)</u>	<u>\$ (17,272)</u>

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

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

	Distributive Fund	Central Illinois Rural Region Career & Technical Education System	Totals
<b>ASSETS</b>			
Cash	\$ 406	\$ 5,145	\$ 5,551
<b>LIABILITIES</b>			
Due to other governments	\$ 406	\$ 5,145	\$ 5,551

**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, 2007**

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash	\$ -	\$ 1,320,531	\$ 1,320,125	\$ 406
LIABILITIES				
Due to other funds	\$ -	\$ 795,371	\$ 795,371	\$ -
Due to other governments	-	525,160	524,754	406
Total liabilities	\$ -	\$ 1,320,531	\$ 1,320,125	\$ 406

CENTRAL ILLINOIS RURAL REGION CAREER & TECHNICAL EDUCATION SYSTEM

ASSETS				
Cash	\$ 5,665	\$ 526,604	\$ 527,124	\$ 5,145
LIABILITIES				
Due to other governments	\$ 5,665	\$ 526,604	\$ 527,124	\$ 5,145

**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, 2007**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash	\$ 5,665	\$ 1,847,135	\$ 1,847,249	\$ 5,551
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 795,371	\$ 795,371	\$ -
Due to other governments	5,665	1,051,764	1,051,878	5,551
Total liabilities	\$ 5,665	\$ 1,847,135	\$ 1,847,249	\$ 5,551

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHERS  
DISTRIBUTIVE FUND**

For the year ended June 30, 2007

	Central Illinois Rural Region Career & Technical Education System	ROE #40	Total
General State Aid	\$ -	\$ 218,054	\$ 218,054
Special Education - Summer School	-	-	-
Career & Technical Ed Improvement	375,960	-	375,960
Voc. Ed. - Agriculture Education	25,372	-	25,372
State Free Lunch and Breakfast	-	158	158
ROE School Bus Driver Training	-	720	720
Truants Alternative/Opt. Education	-	116,364	116,364
Regional Safe Schools	-	154,800	154,800
ROE/ISC Operations	-	78,727	78,727
Supervisory	-	4,000	4,000
Title V - Innovative Programs - Formula	-	92	92
National School Lunch Program	-	3,657	3,657
Even Start	-	78,474	78,474
Title IV - Safe & Drug Free Schools - Formula	-	133	133
Voc. Ed. - Perkins	123,422	-	123,422
Title II - Teacher Quality	-	522	522
Math/Science Partnership	-	139,670	139,670
<b>TOTAL</b>	<b>\$ 524,754</b>	<b>\$ 795,371</b>	<b>\$ 1,320,125</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, 2007

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/06 - 6/30/07
<b>U.S. Department of Education</b>			
<i>Passed through the Illinois State Board of Education:</i>			
Title II - Teacher Quality	84.367A	07-4932-00	\$ 522
Title V - Innovative Programs - Formula	84.298A	07-4100-00	92
Title IV - Safe and Drug Free Schools - Formula	84.186A	07-4400-00	133
Even Start	84.213C	07-4335-00	68,636
(m) Mathematics and Science Partnerships	84.366B	06-4936-00	145,108
(m) Mathematics and Science Partnerships	84.366B	07-4936-00	70,296
Total Mathematics and Science Partnerships			215,404
Total Illinois State Board of Education			284,787
<i>Passed through Regional Office of Education #41:</i>			
(m) Leaders in Technology Enhanced Schools	84.303	N643031	4,913
Total Regional Office of Education #41			4,913
<i>Passed through Regional Office of Education #50:</i>			
(m) Title I - School Improvement & Accountability	84.010A	07-4331-SS	3,770
Total Regional Office of Education #50			3,770
<i>Passed through the Illinois Community College Board:</i>			
Adult Education and Family Literacy (Federal Basic)	84.002A	536 AB	38,991
Total Illinois Community College Board			38,991
<i>Passed through Regional Office of Education #11 passed through Regional Office of Education #3:</i>			
(m) Title I - School Improvement & Accountability	84.010A	07-4331-00	5,048
Total Regional Office of Education #3			5,048
Total U.S. Department of Education			337,509
<b>U.S. Department of Agriculture</b>			
<i>Passed through Illinois State Board of Education:</i>			
National School Lunch Program	10.555	06-4210-00	295
National School Lunch Program	10.555	07-4210-00	3,362
Total National School Lunch Program			3,657
Total Illinois State Board of Education			3,657
Total U.S. Department of Agriculture			3,657
<b>TOTAL</b>			<b>\$ 341,166</b>

(m) - Audited as a major program

The accompanying 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, 2007**

**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 I - School Improvement & Accountability**

**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.

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

**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.

**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.

**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, 2007**

**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.