

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI,**  
**AND UNION COUNTIES**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**& OMB Circular A-133)**  
**For the Year Ended June 30, 2007**

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**For the Year Ended June 30, 2007**

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**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**For the Year Ended June 30, 2007**

**OFFICIALS**

Regional Superintendent  
(Current and during the Audit Period)

Ms. Janet Ulrich

Assistant Regional Superintendent  
(Acting Effective July 1, 2006 through December 31, 2006)

Mr. Bob McIntosh

Assistant Regional Superintendent  
(Acting Effective January 1, 2007 through June 30, 2007)

Mr. Larry Goldsmith

Offices are located at:

17 Rustic Campus Drive  
Ullin, Illinois 62992

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
For the Year Ended June 30, 2007**

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	5	1
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	1	1

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	12a	Inadequate Internal Control Procedures
07-02	12c	Recording Reimbursements from Programs
07-03	12d	Recording Obligations
07-04	12e	Improper Expenditure Classification
07-05	12f	Inadequate Control Over Financial Statement Preparation

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

06-01	15	Controls Over Compliance with Laws and Regulations
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**For the Year Ended June 30, 2007**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 17, 2007. Attending were Janet Ulrich, Regional Superintendent and Tami Colpitts-Knight, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Janet Ulrich, Regional Superintendent.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**For the Year Ended June 30, 2007**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Alexander/Johnson/Massac/Pulaski/Union Counties Regional Office of Education #2 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #2's basic financial statements.





## **INDEPENDENT AUDITOR'S REPORT**

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #2, as of and for the year ended June 30, 2007, which collectively comprise the Regional Office of Education #2's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #2's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #2, 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 Regional Office of Education #2'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #2's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants

Marion, Illinois  
June 10, 2008

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #2, as of and for the year ended June 30, 2007, which collectively comprise the Regional Office of Education #2'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 Regional Office of Education #2 internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Regional Office of Education #2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #2'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 as items 07-01, 07-02, 07-03, 07-04, and 07-05.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider items 07-01, 07-02, and 07-05 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-04.

Regional Office of Education #2's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education #2's responses and, accordingly, express no opinion on them.

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Marion, Illinois  
June 10, 2008



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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Regional Office of Education #2 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Regional Office of Education #2's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #2's management. Our responsibility is to express an opinion on the Regional Office of Education #2's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #2'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 Regional Office of Education #2's compliance with those requirements.

In our opinion, the Regional Office of Education #2 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

**Internal Control Over Compliance**

The management of the Regional Office of Education #2 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #2's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #2's internal control over compliance.

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

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

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

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

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants

Marion, Illinois  
June 10, 2008

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2007**

**SECTION 1 - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)? Yes
- Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)? No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of **major** programs:

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

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

Auditee qualified as a low-risk auditee? Yes



**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 07-01 – Inadequate Internal Control Procedures**

**Criteria/Specific Requirement:**

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

**Condition:**

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

- A. During our testing of 11 credit card statements, 24 instances were noted where the Regional Office paid sales tax totaling \$132.08 on purchases.
- B. During our testing of 108 disbursement transactions we noted the following:
  - a. Two instances where the Regional Office did not document approval for transfers between bank accounts.
  - b. Twenty-three instances where the Regional Office did not document approval of employee fiscal year 2007 salary plans.
- C. The unopened bank statements and the completed bank reconciliations are not reviewed by an individual independent of the disbursement and reconciliation preparation process.
- D. The Regional Office does not have formal capital asset disposal procedures to ensure all disposals are properly approved nor is there an independent review of the capital asset listing to ensure that the current year asset additions and disposals agree.
- E. An individual independent of the payroll and vendor disbursement process is not comparing the prepared checks to the supporting documentation to ensure the amount on the check agrees with the supporting documentation.
- F. The Regional Office's controller has the ability to prepare payroll and vendor disbursement checks and has access to the Regional Superintendent's signature stamp, which allows one individual the ability to prepare and sign a check.
- G. Two instances were noted where employees made personal purchases on the Regional Office's credit card and then reimbursed the Regional Office which is against the Regional Office's credit card policy.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

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

**Effect:**

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

**Cause:**

The Regional Office has not established sufficient internal control procedures.

**Recommendation:**

- A. The Regional Office should implement procedures to ensure the Regional Office does not pay sales tax on purchases.
- B. The Regional Office should implement procedures to ensure that their established internal control procedures are being followed for each disbursement.
- C. An individual independent of the check preparation process should receive the bank statement unopened and review the statement and canceled checks for any inappropriate items prior to forwarding the statement to the bookkeeper to prepare the reconciliation. The completed bank reconciliation should be reviewed by an individual independent of the disbursement and reconciliation process to ensure that the reconciliation is completed timely and the reconciled balance agrees to the general ledger balance.
- D. The Regional Office should develop formal capital asset procedures to ensure all disposals are properly approved and capital asset listing agrees with current year asset additions and disposals.
- E. An individual independent of the payroll and disbursement process should compare the prepared checks and related supporting documentation to ensure the check amount agrees with the supporting documentation prior to the check being signed.
- F. The Regional Office should establish proper segregation of duties to ensure that no one individual has access to all steps of an accounting process.
- G. The Regional Office should implement procedures to ensure that the Regional Office's established credit card policy is adhered to.

**Management's Response:**

Although the Regional Office of Education #2 has followed its internal control procedures from previous years, under the new auditing standards or reporting, the Regional Office agrees that some internal control weaknesses were found. The Regional Office has implemented the above recommendations to correct any weaknesses identified.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-02 – Recording Reimbursements from Programs**

**Criteria/Specific Requirement:**

Generally Accepted Accounting Principles require that payments made on-behalf of another fund be recorded as a due to and due from other funds in the effected funds.

**Condition:**

The Regional Office recorded internal reimbursements as local revenue instead of crediting a due to other fund and then reversing the transaction when checks were written to the other fund.

**Effect:**

The local revenue and expenses were overstated.

**Cause:**

The Regional Office was not aware of the proper reporting of payments on-behalf of other funds and the subsequent internal reimbursements.

**Recommendation:**

The Regional Office should report expenditures on-behalf of other funds as a due to and due from other funds in the effected funds and clear the due to and due from other funds when the reimbursement is recorded.

**Management's Response:**

The Regional Office of Education #2 agrees with the finding and has implemented the recommendation detailed above.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-03 – Recording Obligations**

**Criteria/Specific Requirement:**

Generally Accepted Accounting Principles require obligations at year end to be recorded as a liability to the entity.

**Condition:**

The Regional Office prepared and signed payroll checks for their July 15, 2007, July 31, 2007, and August 15, 2007 pay periods prior to June 30, 2007, but did not disburse the checks to the employees until the appropriate pay dates. The Regional Office posted the payroll expenditures for these pay periods to their general ledger prior to June 30, 2007 as a reduction of cash and as an expenditure.

**Effect:**

The Regional Office's cash and liabilities were understated.

**Cause:**

The Regional Office was not aware of the proper reporting of obligated salaries at year end.

**Recommendation:**

The Regional Office should report obligated salaries at year end as a liability to the Regional Office and prepare the actual payroll checks at the end of the appropriate payroll period.

**Management's Response:**

For instructional staff that end their work in May but would like to spread their salary out and receive checks throughout the summer, checks have been written and dated in June for the three above mentioned pay periods. Staff members had the option to pick up all of their checks as soon as they were written, or the Regional Office could hold the checks and mail them at the time of the pay periods. Most employees chose to keep their checks at the office and have them mailed throughout the summer. In the future, the checks will still be written and dated in June, but all of the checks will be mailed to the staff members.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No.: 07-04 – Improper Expenditure Classification**

**Criteria/specific requirement:**

The Regional Office of Education #2 is required by the Illinois State Board of Education to classify expenditures in the appropriate functional category. In addition, the Regional Office of Education #2 is required by Generally Accepted Accounting Principles to capitalize capital asset purchases that meet or exceed their established capitalization policy and expense the capital asset over its estimated useful life.

**Condition:**

The Regional Office classified \$5,532 of capital outlay expenditures as supply and material expenditures instead of classifying their capital outlay expenditures in excess of their established capitalization threshold, in the correct account code and including those items on their capital outlay listing.

**Effect:**

Misclassification of capital outlay expenditures may cause inaccurate reporting on expenditure reports, as well as an incomplete listing of capital assets.

**Cause:**

The Regional Office made an error when posting the expenditure.

**Recommendation:**

The Regional Office should classify capital outlay expenditures, in excess of their established capitalization threshold, in the correct account code and include those items on their capital asset listing.

**Management's Response:**

The Regional Office of Education #2 agrees with this finding and will ensure that all employees involved in the coding of items are aware of the rules and regulations regarding classifying items for accounting purposes.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No.: 07-05 – Controls Over Financial Statement Preparation**

**Criteria/specific requirement:**

The Regional Office of Education #2 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 #2 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements sufficient for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

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

**Effect:**

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

**Cause:**

According to Regional Office officials, they do not have adequate funding to hire a certified public accountant or other financial consultant professionals. In addition, the Regional Office was not aware of the new standard's implementation in time to provide adequate training for their accounting personnel to comply with these new auditing requirements.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2007**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No.: 07-05 – Controls Over Financial Statement Preparation**

**Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #2 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 Regional Office of Education #2 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2007**

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**INSTANCES OF NONCOMPLIANCE:**

None

**REPORTABLE CONDITIONS:**

None



**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**Finding No. 07-01**

**Condition:**

During the audit we noted the following weaknesses in the Regional Office of Education #2's internal control system:

- A. During our testing of 11 credit card statements, 24 instances were noted where the Regional Office paid sales tax totaling \$132.08 on purchases.
- B. During our testing of 108 disbursement transactions, we noted the following:
  - a. Two instances where the Regional Office did not document approval for transfers between bank accounts.
  - b. Twenty-three instances where the Regional Office did not document approval of employee fiscal year 2007 salary plans.
- C. The unopened bank statements and the completed bank reconciliations are not reviewed by an individual independent of the disbursement and reconciliation preparation process.
- D. The Regional Office does not have formal capital asset disposal procedures to ensure all disposals are properly approved nor is there an independent review of the capital asset listing to ensure that the current year asset additions and disposals agree.
- E. An individual independent of the payroll and vendor disbursement process is not comparing the prepared checks to the supporting documentation to ensure the amount on the check agrees with the supporting documentation.
- F. The Regional Office's controller has the ability to prepare payroll and vendor disbursement checks and has access to the Regional Superintendent's signature stamp, which allows one individual to have the ability to prepare and sign a check.
- G. Two instances were noted where employees made personal purchases on the Regional Office's credit card and then reimbursed the Regional Office which is against the Regional Office's credit card policy.

**Plan:**

- A. The Regional Office will not pay sales tax on any purchases.
- B. The Regional Office will document approval for transfers between bank accounts and approval of employee fiscal year 2007 salary plans.
- C. Unopened bank statements and completed bank reconciliations will be reviewed by an individual who is independent of the disbursement and reconciliation preparation process.
- D. The Regional Office will develop formal capital asset procedures to ensure all disposals are properly approved and capital asset listing agrees with current year asset additions and disposals.
- E. An individual independent of the payroll and disbursement process will compare the prepared checks and related supporting documentation to ensure the check amount agrees with the supporting documentation prior to the check being signed.
- F. The Regional Office will establish proper segregation of duties to ensure that no one individual has access to all steps of an accounting process.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**Finding No. 07-01 (Concluded)**

G. The Regional Office will not allow employees to make personal purchases on the Regional Office's credit card and then reimburse the Regional Office or make any other departures from the Regional Office's credit card policy.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**Finding No. 07-02**

**Condition:**

The Regional Office recorded internal reimbursements as local revenue instead of crediting a due to other fund and then reversing the transaction when checks were written to the other fund.

**Plan:**

The Regional Office will report expenditures on-behalf of other funds as a due to and due from other funds in the effected funds and clear the due to and due from other funds when the reimbursement is recorded.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**Finding No. 07-03**

**Condition:**

The Regional Office prepared and signed payroll checks for their July 15, 2007, July 31, 2007, and August 15, 2007 pay periods prior to June 30, 2007, but did not disburse the checks to the employees until the appropriate pay dates. The Regional Office posted the payroll expenditures for these pay periods to their general ledger prior to June 30, 2007 as a reduction of cash and as an expenditure.

**Plan:**

The Regional Office will still write and dated the checks in June, but all of the checks will be mailed to the staff members.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**Finding No. 07-04**

**Condition:**

The Regional Office classified \$5,532 of capital outlay expenditures as supply and material expenditures instead of classifying their capital outlay expenditures in excess of their established capitalization threshold, in the correct account code and including those items on their capital outlay listing.

**Plan:**

The Regional Office will classify capital outlay expenditures in excess of their established capitalization threshold, in the correct account code and include those items on their capital asset listing.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**Finding No. 07-05**

**Condition:**

The Regional Office of Education #2 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements sufficient for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

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

**Plan:**

The Regional Office of Education #2 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**Finding No. 07-05 (Concluded)**

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11	Resolved
	B. Controls Over Compliance with the requirements of 105 ILCS 5/3-5	Corrected
	C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5	Resolved

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

Regional Office of Education #2 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. We encourage readers to consider this information in conjunction with the Regional Office of Education #2's financial statements, which follow.

**2007 FINANCIAL HIGHLIGHTS**

- General fund revenues increased from \$382,801 in fiscal year 2006 (FY06) to \$412,223 in fiscal year 2007 (FY07), and General fund expenditures also increased from \$389,292 in FY06 to \$475,764 in FY07. This resulted in a decrease in the Regional Office of Education #2's General fund balance from \$382,642 in FY06 to \$349,610 in FY07.
- The increase in General fund revenues was attributed to an increase in local grant revenue in FY07. The increase in expenditures was due primarily to expenses associated with the increased revenues.
- Education fund revenues decreased from \$3,761,533 in FY06 to \$2,969,404 in FY07, and Education fund expenditures decreased from \$3,547,579 in FY06 to \$2,740,389 in FY07. This resulted in an increase in the Education fund balance from \$672,914 in FY06 to \$915,851 in FY07.
- The decrease in Education fund revenues was attributed to a decrease in federal grant revenue in FY07. The decrease in expenditures was due primarily to expenses associated with the decreased revenues.

**USING THIS ANNUAL REPORT**

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

- The Regional Office of Education #2's Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #2'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 Regional Office of Education #2 as a whole and present an overall view of the Regional Office of Education #2's finances.
- The governmental fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office of Education #2's operations in more detail than the government-wide statements by providing information about the most significant funds.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**USING THIS ANNUAL REPORT (Concluded)**

- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- The required supplementary information and supplementary information further explains and supports the financial statements with a Schedule of Funding Progress for the Illinois Municipal Retirement Fund, a comparison of the Regional Office of Education #2's budget for the year, and detailed information about the non-major funds.

**REPORTING THE REGIONAL OFFICE OF EDUCATION #2 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 #2 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the Regional Office of Education #2's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office of Education #2's net assets and how they have changed. Net assets – the difference between the Regional Office of Education #2's assets and liabilities – are one way to measure the Regional Office of Education #2's financial health or position.

- Over time, increases or decreases in the Regional Office of Education #2's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #2's overall health, additional non-financial factors, need to be considered.

In the government-wide financial statements, the Regional Office of Education #2's activities consist of governmental activities and business-type activities.

- *Governmental activities:* Most of the Regional Office of Education #2's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. State and federal grants, local school districts, and state aid finance most of these activities.
- *Business-type activities:* The Regional Office of Education #2 charges fees to help cover the costs of certain services and workshops it provides.



**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**REPORTING THE REGIONAL OFFICE OF EDUCATION #2 AS A WHOLE  
(Concluded)**

**Governmental Fund Financial Statements**

The governmental fund financial statements provide detailed information about the Regional Office of Education #2's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #2 as a whole. Funds are accounting devices the Regional Office of Education #2 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #2 establishes other funds to control and manage money for particular purposes.

Governmental funds account for most of the Regional Office of Education #2's basic services. These focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education #2's programs. Because this information does not encompass the additional long-term focus of the government-wide statements a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental fund statements. The Regional Office of Education #2's governmental funds include the General Fund and the Special Revenue Funds.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #2's net assets at the end of fiscal year 2007 totaled approximately \$1.4 million. This compared to approximately \$1.3 million at the end of fiscal year 2006. The analysis that follows provides a summary of the Regional Office of Education #2's net assets at June 30, 2007 and 2006 for the governmental and business-type activities.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	2007	2006	Increase / (Decrease)
Current Assets	\$ 1,625,021	\$ 1,669,488	(44,467)
Noncurrent Assets	203,092	257,570	(54,478)
Total Assets	1,828,113	1,927,058	(98,945)
Current Liabilities	357,602	572,107	(214,505)
Noncurrent Liabilities	50,277	40,328	9,949
Total Liabilities	407,879	612,435	(204,556)
Net Assets:			
Invested in Capital Assets	203,092	257,570	(54,478)
Unrestricted	1,214,643	1,017,876	196,767
Restricted for teacher professional development	2,499	39,177	(36,678)
Total Net Assets	\$ 1,420,234	\$ 1,314,623	105,611

The Regional Office of Education #2's combined governmental net assets increased by approximately \$105,611 from fiscal year 2006.

BUSINESS-TYPE ACTIVITIES

	2007	2006	Increase / (Decrease)
Current Assets	\$ 2,882	\$ -	2,882
Noncurrent Assets	4,835	-	4,835
Total Assets	7,717	-	7,717
Net Assets:			
Invested in Capital Assets	4,835	-	4,835
Unrestricted	2,882	-	2,882
Restricted for teacher professional development	-	-	-
Total Net Assets	\$ 7,717	\$ -	7,717

The Regional Office of Education #2's combined business-type net assets increased by approximately \$7,717 from fiscal year 2006.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 2,418,859	\$ 3,537,467	(1,118,608)
General Revenues:			
Local sources	371,169	410,816	(39,647)
State sources	385,400	-	385,400
On-behalf payments - State	239,081	223,210	15,871
Transfers	(1,114)	-	(1,114)
Investment Earnings (Interest)	45,977	33,669	12,308
Loss on asset disposals	(3,083)	-	(3,083)
Total Revenues	<u>3,456,289</u>	<u>4,205,162</u>	(748,873)
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	1,426,546	1,475,509	(48,963)
Purchased services	705,952	1,302,996	(597,044)
Supplies and materials	194,461	241,199	(46,738)
Other Objects	45,584	3,002	42,582
Payments to other governments	658,198	692,073	(33,875)
Depreciation expense	52,630	52,706	(76)
Administrative Expense:			
On-behalf payments - State	239,081	223,210	15,871
Total Expenses	<u>3,322,452</u>	<u>3,990,695</u>	(668,243)
Change in Net Assets	133,837	214,467	(80,630)
Net Assets - Beginning	<u>1,286,397</u>	<u>1,100,156</u>	186,241
Net Assets - Ending	<u>\$ 1,420,234</u>	<u>\$ 1,314,623</u>	105,611

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 9,745	\$ -	9,745
General Revenues:			
Transfers	1,114	-	1,114
Investment Earnings (Interest)	128	-	128
Total Revenues	<u>10,987</u>	<u>-</u>	10,987
Expenses:			
Salaries and benefits	12,932	-	12,932
Purchased services	11,087	-	11,087
Supplies and materials	4,831	-	4,831
Depreciation expense	2,646	-	2,646
Total Expenses	<u>31,496</u>	<u>-</u>	31,496
Change in Net Assets	(20,509)	-	(20,509)
Net Assets - Beginning	<u>28,226</u>	<u>-</u>	28,226
Net Assets - Ending	<u>\$ 7,717</u>	<u>\$ -</u>	7,717

The Regional Office of Education #2 reclassified \$28,226 of its governmental net assets to business-type net assets in fiscal year 2007.

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

As previously noted, Regional Office of Education #2 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

**Governmental Fund Highlights**

The Regional Office of Education #2's governmental fund reported combined fund balances of \$1,267,419 compared with FY06's ending fund balances of \$1,076,636. Of this, general fund balance of \$349,610 decreased from FY06's ending fund balance of \$382,642, education fund balance of \$915,851 increased from FY06's ending fund balance of \$672,914, and other non-major governmental fund balance of \$1,958 decreased from FY06's ending fund balance of \$21,080. The primary reason for the increase in combined fund balances in FY07 was due to reduced expenditures to keep within budgets.

Another reason for the significant change was the reduction in staff. Some staff members left the Regional Office of Education #2 and were not replaced or were replaced by staff members at lower salaries.

The Regional Office of Education #2's decreasing General Fund financial position is the product of many factors, including increased expenditures for salaries and benefits, and purchased services.

**Business-Type Fund Highlights**

The Regional Office of Education #2 reclassified \$28,226 of its governmental fund balances to business-type fund balances in fiscal year 2007. In addition, the Regional Office of Education #2's business-type fund reported combined fund balances of \$7,717 compared with FY06's ending fund balances of \$28,226. The primary reason for the decrease in fund balances in FY07 was due to increased salary expenditures.

**FIDUCIARY FUND TYPE**

Regional Office of Education #2's funds are used to account for assets held by the Regional Office of Education #2 in trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Distributive Fund is the Regional Office of Education #2's only agency fund.

Interest on Distributive Fund – The Regional Office of Education #2 has agreements with all districts in the region whereby the Regional Office of Education #2 is allowed to keep the interest for expenditures benefiting all districts.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

**MEASUREMENT FOCUS**

The fund financial statements of all Governmental Funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. In applying the susceptible to accrual concepts to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #2; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**BUDGETARY HIGHLIGHTS**

The Regional Office of Education #2's Advisory Board approves an education plan. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office of Education #2 amended its annual operating budget several times to reflect additional revenue and expenditures associated with the additional services needed and provided to the local school districts. The Regional Office of Education #2 has a five-county budget for administrative purposes. Each county contributes financially to the Regional Office of Education #2 based upon the county's population.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Regional Office of Education #2 does own buildings and equipment. Items purchased costing over \$500 are listed on the Regional Office of Education #2's inventory. At June 30, 2007 the Regional Office of Education #2 had an investment in capital assets of \$207,927 which is the original cost of the assets less the accumulated depreciation.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Debt**

The Regional Office of Education #2 incurs no debt. All bills are paid by the end of the fiscal year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the Regional Office of Education #2 was aware of existing circumstances that could significantly affect its financial health in the future.

The Regional Office of Education #2 has experienced an increase in the number of students being served by its programs in the past three years. A slight increase in enrollments is expected and included in the budget based on request from local school districts.

**ADDITIONAL INFORMATION**

The following information is furnished to further explain the Regional Office of Education #2's financial analysis and planning:

Management staff and financial staff continually review all aspects of the financial statements including the format of financial statements, accounting and reporting capital assets, and internal service funds. This would include a monthly analysis and cross check of balancing the various funds. The review of how to meet projected shortfalls are discussed and analyzed at these meetings. The major problem with finances is the State's inability to pay the Regional Office of Education #2 for approved grant funds.

The management team reviews all programs from short-term to long-term concerning the financial aspects of the Regional Office of Education #2. This includes reviewing projected funds and/or amending the various programs in order to ensure adequate and proper funding. Most financial receipts are ultimately received by the Regional Office of Education #2 to maintain programs. The serious problem is that these funds are often late by several months which cause fund transfers and other methods to stay financially viable. Generally speaking, the funds are received by the end of the year, but few are received as indicated in the grant programs. Improved financial planning could occur if the State gave general guidelines from one year to the next. For example, if we were told a particular program will receive at least 85 percent of last year's budget; this would enable the Regional Office of Education #2 to plan more effectively.

**ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
REGIONAL OFFICE OF EDUCATION #2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**ADDITIONAL INFORMATION (CONTINUED)**

The current year results in comparison with prior years, indicates a reduction from last year. Although final results are not available at this point in time, preliminary indications indicate another reduction in Regional Office of Education #2 funds and probably other grant programs. Because of this uncertainty it is very difficult to develop a plan to increase or maintain the effectiveness of the Regional Office of Education #2 and grant programs.

**CONTACTING THE REGIONAL OFFICE OF EDUCATION #2'S FINANCIAL  
MANAGEMENT**

This financial report is designed to provide the Regional Office of Education #2's citizens, taxpayers, customers, investors and creditors with a general overview of the Regional Office of Education #2's finances and to demonstrate the Regional Office of Education #2's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Office of Education #2, 17 Rustic Campus Drive, Ullin, IL 62992.



## **BASIC FINANCIAL STATEMENTS**

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 1,496,451	\$ 2,882	\$ 1,499,333
Due from other governments	128,570	-	128,570
Total Current Assets	<u>1,625,021</u>	<u>2,882</u>	<u>1,627,903</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	203,092	4,835	207,927
Total Noncurrent Assets	<u>203,092</u>	<u>4,835</u>	<u>207,927</u>
<b>TOTAL ASSETS</b>	<u>1,828,113</u>	<u>7,717</u>	<u>1,835,830</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Due to other governments	23,367	-	23,367
Accounts payable	10,925	-	10,925
Deferred revenue	323,310	-	323,310
Total Current Liabilities	<u>357,602</u>	<u>-</u>	<u>357,602</u>
Noncurrent Liabilities:			
Liability for compensated absences	50,277	-	50,277
Total Noncurrent Liabilities	<u>50,277</u>	<u>-</u>	<u>50,277</u>
<b>TOTAL LIABILITIES</b>	<u>407,879</u>	<u>-</u>	<u>407,879</u>
<b>NET ASSETS</b>			
Invested in capital assets	203,092	4,835	207,927
Restricted for teacher professional development	2,499	-	2,499
Unrestricted	1,214,643	2,882	1,217,525
<b>TOTAL NET ASSETS</b>	<u>\$ 1,420,234</u>	<u>\$ 7,717</u>	<u>\$ 1,427,951</u>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Current:						
Instructional services:						
Salaries and benefits	\$ 1,426,546	\$ -	\$ 1,193,794	\$ (232,752)	\$ -	\$ (232,752)
Purchased services	705,952	-	469,147	(236,805)	-	(236,805)
Supplies and materials	194,461	-	60,270	(134,191)	-	(134,191)
Capital outlay	-	-	8,715	8,715	-	8,715
Other objects	45,584	-	686,933	641,349	-	641,349
Payments to other governments	658,198	-	-	(658,198)	-	(658,198)
Depreciation	52,630	-	-	(52,630)	-	(52,630)
Administrative:						
On-behalf payments - State	239,081	-	-	(239,081)	-	(239,081)
Total governmental activities	<u>3,322,452</u>	<u>-</u>	<u>2,418,859</u>	<u>(903,593)</u>	<u>-</u>	<u>(903,593)</u>
Business-type activities:						
Registration/Testing fee	31,496	9,745	-	-	(21,751)	(21,751)
Total business-type activities	<u>31,496</u>	<u>9,745</u>	<u>-</u>	<u>-</u>	<u>(21,751)</u>	<u>(21,751)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,353,948</b>	<b>\$ 9,745</b>	<b>\$ 2,418,859</b>	<b>(903,593)</b>	<b>(21,751)</b>	<b>(925,344)</b>
<b>GENERAL REVENUES:</b>						
Local sources				371,169	-	371,169
State sources				385,400	-	385,400
On-behalf payments - State				239,081	-	239,081
Transfers				(1,114)	1,114	-
Investment earnings				45,977	128	46,105
Loss on asset disposals				(3,083)	-	(3,083)
Total general revenues				<u>1,037,430</u>	<u>1,242</u>	<u>1,038,672</u>
CHANGE IN NET ASSETS				133,837	(20,509)	113,328
NET ASSETS - BEGINNING				<u>1,286,397</u>	<u>28,226</u>	<u>1,314,623</u>
NET ASSETS - ENDING				<u>\$ 1,420,234</u>	<u>\$ 7,717</u>	<u>\$ 1,427,951</u>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2007**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 228,361	\$ 1,264,832	\$ 3,258	\$ -	\$ 1,496,451
Due from other funds	19,663	-	-	(19,663)	-
Due from other governments	101,586	26,984	-	-	128,570
<b>Total Assets</b>	<b><u>\$ 349,610</u></b>	<b><u>\$ 1,291,816</u></b>	<b><u>\$ 3,258</u></b>	<b><u>\$ (19,663)</u></b>	<b><u>\$ 1,625,021</u></b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 10,925	\$ -	\$ -	\$ 10,925
Due to other funds	-	18,363	1,300	(19,663)	-
Due to other governments	-	23,367	-	-	23,367
Deferred revenue	-	323,310	-	-	323,310
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>375,965</u></b>	<b><u>1,300</u></b>	<b><u>(19,663)</u></b>	<b><u>357,602</u></b>
<b>Fund Balances</b>					
Unreserved, reported in:					
Special revenue funds	-	915,851	1,958	-	917,809
General fund	349,610	-	-	-	349,610
<b>Total Fund Balances</b>	<b><u>349,610</u></b>	<b><u>915,851</u></b>	<b><u>1,958</u></b>	<b><u>-</u></b>	<b><u>1,267,419</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 349,610</u></b>	<b><u>\$ 1,291,816</u></b>	<b><u>\$ 3,258</u></b>	<b><u>\$ (19,663)</u></b>	<b><u>\$ 1,625,021</u></b>

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
June 30, 2007**

Total Fund Balances—Governmental Funds	\$ 1,267,419
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$701,941.	203,092
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Accrued payroll and benefit costs which reflect the amount of vacation pay has been earned by the Regional Office of Education #2's employees but will not be paid within the next year is not reported in the governmental funds.	(50,277)
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Net Assets of Governmental Activities	<u>\$ 1,420,234</u>
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The notes to the financial statements are an integral part of this statement.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2007**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 103,706	\$ 240,301	\$ 27,162	\$ -	\$ 371,169
State sources	69,436	1,234,806	5,720	-	1,309,962
State sources - payments made on behalf of region	239,081	-	-	-	239,081
Federal sources	-	1,494,297	-	-	1,494,297
<b>Total Revenues</b>	<b>412,223</b>	<b>2,969,404</b>	<b>32,882</b>	<b>-</b>	<b>3,414,509</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries and benefits	165,473	1,221,553	29,572	-	1,416,598
Purchased services	58,694	628,468	18,790	-	705,952
Supplies and materials	12,516	177,871	4,074	-	194,461
Capital outlay	-	8,715	-	-	8,715
Other Objects	-	45,584	-	-	45,584
Payments to other governments	-	658,198	-	-	658,198
Payments made on behalf of region	239,081	-	-	-	239,081
<b>Total Expenditures</b>	<b>475,764</b>	<b>2,740,389</b>	<b>52,436</b>	<b>-</b>	<b>3,268,589</b>
<b>Excess (Deficiency) of Revenues     Over Expenditures</b>	<b>(63,541)</b>	<b>229,015</b>	<b>(19,554)</b>	<b>-</b>	<b>145,920</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	14,594	-	(14,594)	-
Transfers out	-	(15,708)	-	14,594	(1,114)
Interest	30,509	15,036	432	-	45,977
<b>Total Other Financing Sources (Uses)</b>	<b>30,509</b>	<b>13,922</b>	<b>432</b>	<b>-</b>	<b>44,863</b>
<b>Net Change in Fund Balances</b>	<b>(33,032)</b>	<b>242,937</b>	<b>(19,122)</b>	<b>-</b>	<b>190,783</b>
Fund Balances - Beginning	382,642	672,914	21,080	-	1,076,636
Fund Balances - Ending	<b>\$ 349,610</b>	<b>\$ 915,851</b>	<b>\$ 1,958</b>	<b>\$ -</b>	<b>\$ 1,267,419</b>

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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—total governmental funds \$ 190,783

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	\$ 8,715	
Depreciation Expense	(52,630)	
Loss on Asset Disposals	<u>(3,083)</u>	(46,998)

Accrued payroll and benefits costs which reflect the amount of vacation pay that has been earned by the Regional Office of Education #2's employees in the current year but will not be paid within the next year is not reported in the governmental funds.

(9,948)

Change in net assets of governmental activities

\$ 133,837

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2007**

	Business-Type Activities - Enterprise Funds	
	Workshops	
	Fund	Total
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,882	\$ 2,882
Due from local governments	-	-
Total current assets	<u>2,882</u>	<u>2,882</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation:	<u>4,835</u>	<u>4,835</u>
Total noncurrent assets	<u>4,835</u>	<u>4,835</u>
 TOTAL ASSETS	 <u>7,717</u>	 <u>7,717</u>
 <b>NET ASSETS</b>		
Invested in capital assets	4,835	4,835
Unrestricted	<u>2,882</u>	<u>2,882</u>
 TOTAL NET ASSETS	 <u>\$ 7,717</u>	 <u>\$ 7,717</u>

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



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2007**

	Business-Type Activities - Enterprise Funds	
	Workshops	
	Fund	Total
<b>OPERATING REVENUES</b>		
Local sources	\$ 9,745	\$ 9,745
Total operating revenues	<u>9,745</u>	<u>9,745</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	12,932	12,932
Purchased services	11,087	11,087
Supplies and materials	4,831	4,831
Depreciation	2,646	2,646
Total operating expenses	<u>31,496</u>	<u>31,496</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(21,751)</u>	<u>(21,751)</u>
<b>NONOPERATING REVENUES</b>		
Transfer in	1,114	1,114
Interest	128	128
Total nonoperating revenues	<u>1,242</u>	<u>1,242</u>
<b>CHANGE IN NET ASSETS</b>	(20,509)	(20,509)
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>28,226</u>	<u>28,226</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 7,717</u>	<u>\$ 7,717</u>

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2007**

	Business-Type Activities - Enterprise Funds	
	Workshops Fund	Totals
Cash flows from operating activities:		
Receipts from customers	\$ 9,745	\$ 9,745
Payments to suppliers and providers of goods and services	(15,918)	(15,918)
Payments to employees	(12,932)	(12,932)
Net cash provided by (used for) operating activities	<u>(19,105)</u>	<u>(19,105)</u>
Cash flows from noncapital financing activities:		
Cash transfers from other funds	1,114	1,114
Net cash provided by (used for) noncapital financing activities	<u>1,114</u>	<u>1,114</u>
Cash flows from investing activities:		
Interest	128	128
Net cash provided by (used for) investing activities	<u>128</u>	<u>128</u>
Net increase (decrease) in cash	(17,863)	(17,863)
Cash - Beginning	<u>20,745</u>	<u>20,745</u>
Cash - Ending	<u>\$ 2,882</u>	<u>\$ 2,882</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (21,751)	\$ (21,751)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	2,646	2,646
Net cash provided by (used for) operating activities	<u>\$ (19,105)</u>	<u>\$ (19,105)</u>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**June 30, 2007**

	Agency Fund
<b>Assets</b>	
Cash	\$ 33,682
Due from other governments	962,152
Total Assets	\$ 995,834
<b>Liabilities</b>	
Due to other governments	\$ 995,834
Total Liabilities	\$ 995,834

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education #2 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2007, the Regional Office of Education #2 implemented Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The Regional Office of Education #2 implemented these standards during the current year, however; they have no impact on the financial statements.

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

A. Financial Reporting Entity

The Regional Superintendent is responsible for supervision and control of school districts within the Regional Office of Education #2. This includes all aspects of supervision, reports and financial accounting of districts which are considered by State law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; evaluate the schools in the region; examine school treasurers' books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #2's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Concluded)**

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education #2, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2007, the Regional Office of Education #2 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #2. Such activities are reported as a single major special revenue fund (Education Fund).

**B. Scope of Reporting Entity**

The Regional Office of Education #2's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #2 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #2, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #2 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #2 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #2 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #2 being considered a component unit of the entity.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Government-Wide and Fund Financial Statements (Concluded)**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #2's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues.

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

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

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

**D. Proprietary Fund Financial Statements**

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

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Proprietary Fund Financial Statements (Concluded)**

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

**E. Governmental Fund Financial Statements**

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

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

**F. Measurement Focus and Basis of Accounting**

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #2; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. Measurement Focus and Basis of Accounting (Concluded)

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

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

G. Fund Accounting

The Regional Office of Education #2 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #2 uses governmental, proprietary, and fiduciary funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Regional Office of Education #2 are typically reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

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

The Regional Office of Education #2 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #2. It is used to account for all financial resources, which benefit all school districts in the region except those required to be accounted for in another fund. General funds include the following:



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Regional Office of Education/Intermediate Service Centers Operations - This fund accounts for the grant that provides funding for the Regional Office of Education #2.

Office Fund – This fund accounts for monies received from each of the five counties in the region for salaries, benefits, utilities, supplies, etc. of the Regional Office of Education #2.

Director’s Fund – This fund accounts for the interest monies earned from the Distributive Fund which are used for the benefit of the Regional Office of Education #2 and its schools.

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

Education - This fund is used to account for various grant and educational enhancement programs including the following:

Adult Education - This fund accounts for monies received from the Illinois Community College Board (ICCB) for academic and vocational adult education programs including the following:

Federal Basic - This fund accounts for federal monies received from the ICCB which provide for adult basic education (GED) services for adult education clients.

General Revenue - This fund accounts for monies accumulated over 35+ years from varying sources in order to support all functions of the Regional Office of Education #2’s adult education program.

Performance - This fund accounts for State monies received from the ICCB that can be used for any purpose that supports the adult education program.

Public Assistance - This fund accounts for State funds received from the ICCB for vocational training for adult education clients including computer and certified nurse assistant classes.

State 3-1 - This fund accounts for State funds received from the ICCB for vocational training and can be used the same as Public Assistance funds.

Vocational Flow-Through – This fund accounts for State funds received and for the operations of a print shop owned by the ROE which is utilized for the Adult Ed print shop class.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Area 6 South Tech Hub - This fund provides support for technology services for the Regional Office of Education #2 and the 19 school districts in its region.

Cairo Community Education Center - This fund provides support for the income and routine expenses of the Cairo Community Education Center.

Department of Commerce and Economic Opportunity Eliminates the Digital Divide - This fund provided technology support to school districts in the Regional Office of Education #2's region.

English Language Learning Title III - This program provides training for administrators and teachers in schools who have English language learners. In-service includes legal requirements for ELL students as well as best classroom strategies for teachers.

Even Start - This fund assists schools in developing effective school-wide systems of behavior support by preventing misbehavior and teaching appropriate behavior and social skills.

Flexible Funding for Wraparound Plans - This fund provides services to at-risk clients from funds received from the Department of Children and Family Services.

General State Aid - This fund supports safe school and alternative education/adult education programs.

Department of Human Services/Southern Illinois Healthcare Kids in School - This fund provides head lice shampoo and supplies to families who can't afford them in order to get their children back into school.

McKinney Education for Homeless Children - The fund provides educational services and strives to heighten community awareness of the need to serve the homeless population.

Miscellaneous Grant Funds – This fund accounts for the revenue and expenditures of various federal, State, and local grant funds including the following: Kindergarten Standards Training, Title II – Teacher Quality, Title IV – Drug Awareness, Title V – Innovative Programs, Meth FOCUS grant, Standards Aligned Classroom, Southern Illinois Teaching – Quality Collaborative, and Wal-Mart grant.

Mathematics and Science Partnership – This program is a professional development program designed to improve the content knowledge and pedagogical skills of 5<sup>th</sup> through 12<sup>th</sup> grade teachers in mathematics and science.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Other State Programs - This fund provides services and programs to non-title schools as well as student, family, and community support services to all school districts in the Regional Office of Education #2's region on System of Support status. The fund also provides for the administrative costs for the direction of the program and grant management.

Regional Safe Schools - The fund provides instruction services and materials for safe school students referred to the Regional Office of Education #2 from local school districts.

Secretary of State Community Literacy - This fund provides volunteer tutoring services to individuals in the Regional Office of Education #2 area.

Service Fund - This fund accounts for local Masonic scholarship funds to provide scholarships to local high school graduates.

System of Support – Other State Programs – This program provides professional development and support to No Child Left Behind status schools. The focus of State programs is standards alignment, standards-aligned classrooms, and standards based curriculum.

System of Support – Title I School Improvement and Accountability – This fund supports the improvement of basic programs operated by the Regional Office of Education #2 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch.

System of Support – Title II Teacher Quality Leadership Grant – This fund provides professional development to assist teachers in becoming better instructional leaders.

Title I – Migrant Education - This program works with children of migrant families through the summer months to help them retain what was learned in the prior school year.

Title I - Reading First Part B SEA Funds - This fund provides comprehensive reading program training to teachers in order to facilitate student achievement in reading.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Concluded)

*Governmental Funds (Concluded)*

Truants Alternative/Optional Education - This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #2.

Workforce Investment Act – This program provides youth activities such as tutoring, summer employment opportunities, adult mentoring, and comprehensive guidance and counseling to individuals within the five county region.

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

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver Permit - This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

General Education Development - This fund accounts for the receipts and expenses pertaining to the G.E.D./High School Equivalency program for high school dropouts.

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

*Proprietary Funds*

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #2 on a cost reimbursement basis are reported. The Regional Office of Education #2 reports the following nonmajor proprietary funds:

Workshops Fund - This fund accounts for the receipts and expenses pertaining to teacher meetings and workshops of a professional nature.

*Fiduciary Funds*

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #2 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

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

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Net Assets

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

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

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

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

I. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #2 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. Inventory

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

K. Capital Assets

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

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

L. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

M. Estimates

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

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

N. Budget Information

The Regional Office of Education #2 acts as the administrative agent for certain grant programs that are accounted for within the General Fund and the Education Fund. These programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: ROE/ISC Operations, Adult Education - Federal Basic, Adult Education - Performance, Adult Education - Public Assistance, Adult Education - State 3-1, Area 6 South Tech Hub, English Language Learning Title III, Even Start, McKinney Education for Homeless Children, Mathematics and Science Partnerships, Other State Programs, Regional Safe Schools, Secretary of State Community Literacy, Standards Aligned Classroom, System of Support – Other State Programs, System of Support Title I – School Improvement and Accountability, System of Support Title II – Teacher Quality – Leadership Grant, Title I – Migrant Education, Title I - Reading First Part B SEA Funds, Truants Alternative/Optional Education, and Workforce Investment Act.

**NOTE 2: CASH AND CASH EQUIVALENTS**

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

A. Cash Deposits

At June 30, 2007, the carrying amount of the Regional Office of Education #2's government-wide and fiduciary fund deposits were \$1,499,333 and \$33,682 respectively, and the bank balances were \$1,521,632 and \$4,623,761, respectively.

At June 30, 2007, \$590,882 of the Regional Office of Education #2's cash deposits was insured by the Federal Deposit Insurance Corporation. Another \$5,519,628 was collateralized by securities pledged by the Regional Office of Education #2's financial institution on behalf of the Regional Office.

B. Investments

The Regional Office of Education #2 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2007, the Regional Office of Education #2 had investments with carrying and fair value of \$34,883 invested in the Illinois Funds Money Market Fund.

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ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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**NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)**

*Credit Risk*

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

*Interest Rate Risk*

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

*Concentration of Credit Risk*

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

**NOTE 3: DEFINED BENEFIT PENSION PLAN**

The Regional Office of Education #2's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by State statute. The Regional Office of Education #2 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 12.88% of payroll. The Regional Office of Education #2's 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.

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**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)**

For December 31, 2006, the Regional Office of Education #2's annual pension cost of \$63,457 was equal to the Regional Office of Education #2's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% per 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.

*Trend Information*

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 63,457	100%	\$ 0
12/31/05	41,776	100%	0
12/31/04	29,996	100%	0
12/31/03	37,369	100%	0
12/31/02	34,543	100%	0
12/31/01	42,898	100%	0
12/31/00	40,096	100%	0
12/31/99	100,663	100%	0
12/31/98	43,377	100%	0
12/31/97	35,319	100%	0

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

The Regional Office of Education #2 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois, maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate 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 part of this retirement plan. The employer THIS Fund contribution was 0.60 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.80 percent.



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

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #2's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #2. For the year ended June 30, 2007, the State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Regional Office of Education #2 recognized revenue and expenditures of \$66,891 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 (\$51,693) and 11.76 percent (\$90,311), respectively. The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

The Regional Office of Education #2 makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2007 were \$3,963. Contributions for the years ending June 30, 2006, and June 30, 2005, were \$4,251 and \$4,454, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education #2, there is a statutory requirement for the Regional Office of Education #2 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007 salaries totaling \$385,211 were paid from federal and trust funds that required employer contributions of \$37,674. For the years ended June 30, 2006 and 2005, required Regional Office of Education #2 contributions were \$30,072 and \$43,488, respectively.
- **Early retirement option.** The Regional Office of Education #2 is also required to make one-time employer contributions to TRS for members retiring under the early retirement option. 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).

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

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 year ended June 30, 2007, the Regional Office of Education #2 paid no employer contributions to TRS under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the Regional Office of Education #2 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS. If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2007, the Regional Office of Education #2 paid no TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2006, the Regional Office of Education #2 paid no employer contributions due on salary increases in excess of 6 percent.

If Regional Office of Education #2 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #2 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007). For the year ended June 30, 2007, the Regional Office of Education #2 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2006, the Regional Office of Education #2 paid no employer contributions granted for sick leave days.

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

**NOTE 5: COMPENSATED ABSENCES**

Vacation pay and sick pay are considered expenditures in the year paid. An employee may accumulate an unlimited number of vacation days for use in future years; however, upon termination, with a few exceptions, employees will only be paid a maximum of twenty days. At June 30, 2007, the liability for unused vacation days was \$50,277, and is shown on the Statement of Net Assets. The amount of vacation pay that was earned by the Regional Office of Education #2's employees in the current year was \$9,948. Accumulated sick pay benefits are available to all full-time employees to use in future years. Unused sick pay is limited to a maximum of 48 days' pay. Upon termination, the employee is not compensated for any unused sick days; therefore, no accruals or reserves have been established.

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**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

Interfund due to / from other fund balances at June 30, 2007 consist of the following individual due to / from other funds in the governmental fund Balance Sheet. These balances were eliminated in the government-wide Statement of Net Assets.

Fund	Due From Other Funds	Due to Other Funds
General Fund – School Director’s Fund	\$ 19,663	\$
Special Revenue Fund		
Workforce Investment Act		18,363
General Education Development		1,300
	<u>\$ 19,663</u>	<u>\$ 19,663</u>

**NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS**

The Regional Office of Education #2’s General Fund, Agency Fund, and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:

General Fund		
Local Governments		\$ 101,586
Special Revenue Fund – Education Fund		
School Districts		8,621
Shawnee Development Council		18,363
Fiduciary Fund – Distributive Fund		
Illinois State Board of Education		962,152
Total		<u>\$ 1,090,722</u>

Due to Other Governmental Units:

Special Revenue Fund – Education Fund		
State of Illinois		\$ 23,367
Fiduciary Fund – Distributive Fund		
Local School Districts		995,834
Total		<u>\$ 1,019,201</u>

**NOTE 8: DISTRIBUTIVE FUND INTEREST**

A written agreement between the Regional Office of Education #2’s school boards, which receive funds through the Regional Office of Education #2, provides for the retention of interest earned on the State Distributive Fund checking account by the Regional Superintendent to be used for the benefit of all of the districts in the region. During the year the distributive fund earned interest of \$27,385. At June 30, 2007 all accumulated interest had been distributed.

**REGIONAL OFFICE OF EDUCATION #2**  
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**NOTE 9 CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Regional Office of Education #2 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Governmental Funds:				
<u>General Fund</u>				
ROE/ISC Operations	306,428	-	(544)	305,884
School Director's Fund	1,410	-	-	1,410
<u>Education Fund</u>				
Adult Education - Federal Basic	88,062	-	(7,091)	80,971
Adult Education - General Revenue	110,845	-	-	110,845
Adult Education - Performance	128,081	-	(8,350)	119,731
Adult Education - Public Assistance	19,485	-	(2,673)	16,812
Adult Education - State 3-1	85,754	-	(7,151)	78,603
Area 6 Tech Hub	2,804	-	(108)	2,696
DCEO Grant - Eliminate the Digital Divide	39,251	2,780	(9,783)	32,248
Educational Service Center 18	900	-	(900)	-
Even Start	17,535	4,637	-	22,172
Local Professional Development Committee	1,851	-	-	1,851
McKinney Education for Homeless Children	1,300	-	-	1,300
Near and Far Sciences in Illinois	5,600	-	-	5,600
Reading First - Academics	7,823	-	-	7,823
Regional Safe Schools	79,007	-	-	79,007
Scientific Literacy - Contractual	3,568	-	(2,170)	1,398
Secretary of State - New Chapters	800	-	(800)	-
SOS FY05 Title V	2,949	-	0	2,949
State Aid	25,668	1,298	(560)	26,406
Technology Literacy Challenge Fund	2,299	-	(1,000)	1,299
Title IV - School & Drug Free/ Violence Prevention	6,028	-	-	6,028
Governmental Funds				
Total Capital Assets	937,448	8,715	(41,130)	905,033
Less: Accumulated Depreciation	687,359	52,630	(38,048)	701,941
Governmental Funds				
Investment in Capital Assets, Net	\$ 250,089	\$ (43,915)	\$ (3,082)	\$ 203,092

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2007**

**NOTE 9: CAPITAL ASSETS (CONCLUDED)**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Business-type Activities:				
Registration Fund	\$ 16,122	\$ -	\$ -	\$ 16,122
Business-type Activities				
Total Capital Assets	16,122	-	-	16,122
Less: Accumulated Depreciation	8,641	2,646	-	11,287
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 7,481</u>	<u>\$ (2,646)</u>	<u>\$ -</u>	<u>\$ 4,835</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$52,630 and \$2,646 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2007. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

**NOTE 10: RISK MANAGEMENT**

The Regional Office of Education #2 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Regional Office of Education #2 has purchased commercial insurance to cover these risks. During the year ended June 30, 2007, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**NOTE 11: ON-BEHALF PAYMENTS**

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #2:

Regional Superintendent Salary	\$ 84,737
Regional Superintendent Fringe Benefits (Includes State paid insurance)	10,994
Assistant Regional Superintendent Salary	73,086
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)	3,373
TRS Pension Contributions	<u>66,891</u>
Total	<u>\$ 239,081</u>

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

These amounts have been recorded in the accompanying governmental fund financial statements as state revenue and expenditures.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**NOTE 12: RECLASSIFICATION**

The Regional Office of Education #2 operates one program, Registration, which provides services to the districts in their region for fees and charges. This program has been reported in previous years as part of the institute fund; however, it should be reported as a proprietary fund. The following is the effect of this reclassification on the beginning Institute Fund's fund balance and the Governmental and Business-type Activities' beginning Net Assets:

<u>Institute Fund</u>	
Fund Balance – July 1, 2006	\$ 39,177
Effect of Reclassification	<u>(20,745)</u>
Fund Balance, Restated – July 1, 2006	<u>\$ 18,432</u>

Government-Wide - Statement of Activities

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Assets - July 1, 2006	\$ 1,314,623	\$ -
Effect of Reclassification - Proprietary Fund	(20,745)	20,745
Capital Assets, Net	<u>(7,481)</u>	<u>7,481</u>
Net Assets Restated - July 1, 2006	<u>\$ 1,286,397</u>	<u>\$ 28,226</u>

**NOTE 13 - TRANSFERS**

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General State Aid	13,098	-
Miscellaneous Grant Funds	-	15,708
Workforce Investment Act	1,496	-
Proprietary Fund:		
Workshop Fund	1,114	-
Total	<u>\$ 15,708</u>	<u>\$ 15,708</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other than Management Discussion and Analysis)**

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
For the Year Ended June 30, 2007**

*UNAUDITED*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c)
12/31/06	1,091,196	1,108,839	17,643	98.41%	492,678	3.58%
12/31/05	1,031,346	1,125,739	94,393	91.62%	532,173	17.74%
12/31/04	938,432	1,056,810	118,378	88.80%	555,823	21.30%
12/31/03	1,016,694	984,451	(32,243)	103.28%	574,027	0.00%
12/31/02	980,314	888,761	(91,553)	110.30%	587,465	0.00%
12/31/01	875,855	767,361	(108,494)	114.14%	482,003	0.00%
12/31/00	846,593	755,913	(90,680)	112.00%	426,104	0.00%
12/31/99	682,746	631,986	(50,760)	108.03%	399,933	0.00%
12/31/98	472,711	534,803	62,092	88.39%	321,311	19.32%
12/31/97	343,914	447,813	103,899	76.80%	288,989	35.95%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$1,197,461. On a market basis, the funded ratio would be 107.99%.

**Digest of Changes**

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

The principal changes were:

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

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



**OTHER SUPPLEMENTAL INFORMATION**

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
**June 30, 2007**

	ROE/ISC Operations	Office Fund	Director's Fund	TOTALS
Assets				
Cash	\$ -	\$ 74,622	\$ 153,739	\$ 228,361
Due from other funds	-	-	19,663	19,663
Due from other governments	-	101,586	-	101,586
Total Assets	<u>\$ -</u>	<u>\$ 176,208</u>	<u>\$ 173,402</u>	<u>\$ 349,610</u>
Fund Balances				
Unreserved	\$ -	\$ 176,208	\$ 173,402	\$ 349,610
Total Fund Balances	<u>\$ -</u>	<u>\$ 176,208</u>	<u>\$ 173,402</u>	<u>\$ 349,610</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	ROE/ISC Operation	Office Fund	Director's Fund	TOTALS
<b>Revenues:</b>				
Local sources	\$ 1,360	\$ 96,515	\$ 5,831	\$ 103,706
State sources	69,436	-	-	69,436
State sources - payments made on behalf of region	239,081	-	-	239,081
<b>Total Revenues</b>	<b>309,877</b>	<b>96,515</b>	<b>5,831</b>	<b>412,223</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Salaries and benefits	70,297	58,226	36,950	165,473
Purchased services	595	28,591	29,508	58,694
Supplies and materials	-	7,293	5,223	12,516
Payments made on behalf of region	239,081	-	-	239,081
<b>Total Expenditures</b>	<b>309,973</b>	<b>94,110</b>	<b>71,681</b>	<b>475,764</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(96)</b>	<b>2,405</b>	<b>(65,850)</b>	<b>(63,541)</b>
<b>Other Financing Sources (Uses):</b>				
Transfer out	-	-	0	-
Interest	96	522	29,891	30,509
<b>Total Other Financing Sources (Uses)</b>	<b>96</b>	<b>522</b>	<b>29,891</b>	<b>30,509</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>2,927</b>	<b>(35,959)</b>	<b>(33,032)</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>173,281</b>	<b>209,361</b>	<b>382,642</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 176,208</b>	<b>\$ 173,402</b>	<b>\$ 349,610</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period July 1, 2006 to June 30, 2007)**  
**GENERAL FUND ACCOUNTS**  
**ROE/ISC OPERATIONS**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local Sources	\$ -	\$ -	\$ 1,360
State sources	69,436	69,436	69,436
State sources - payments made on behalf of region	239,081	239,081	239,081
Total Revenues	<u>308,517</u>	<u>308,517</u>	<u>309,877</u>
Expenditures:			
Current:			
Salaries and benefits	67,082	67,082	70,297
Purchased services	2,354	2,354	595
Payments made on behalf of region	239,081	239,081	239,081
Total Expenditures	<u>308,517</u>	<u>308,517</u>	<u>309,973</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(96)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>96</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>96</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND**  
**June 30, 2007**

	Adult Education	Area 6 South Tech Hub	Cairo Community Education Center	DCEO Eliminate the Digital Divide	English Language Learning Title III	Even Start
<b>Assets</b>						
Cash	\$ 181,651	\$ -	\$ 22,535	\$ -	\$ -	\$ 3,179
Due from other governments	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 181,651</b>	<b>\$ -</b>	<b>\$ 22,535</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,179</b>
<b>Liabilities</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Deferred revenue	6,342	-	-	-	-	3,179
<b>Total Liabilities</b>	<b>6,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,179</b>
<b>Fund Balances</b>						
Unreserved	175,309	-	22,535	-	-	-
<b>Total Fund Balances</b>	<b>175,309</b>	<b>-</b>	<b>22,535</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 181,651</b>	<b>\$ -</b>	<b>\$ 22,535</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,179</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND**  
**June 30, 2007**

	Flexible Funding for Wraparound Plans	General State Aid	Kids in School (DHS)	McKinney Education for Homeless Children	Miscellaneous Grant Funds	Mathematics and Science Partnerships	Other State Programs
<b>Assets</b>							
Cash	\$ 21,175	\$ 722,229	\$ 1,848	\$ -	\$ 7,997	\$ 74,675	\$ -
Due from other governments	-	3,341	-	-	-	5,280	-
<b>Total Assets</b>	<b>\$ 21,175</b>	<b>\$ 725,570</b>	<b>\$ 1,848</b>	<b>\$ -</b>	<b>\$ 7,997</b>	<b>\$ 79,955</b>	<b>\$ -</b>
<b>Liabilities</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	18,087	-	-	-	-	5,280	-
Accounts payable	-	10,925	-	-	-	-	-
Deferred revenue	3,088	834	1,848	-	7,997	74,675	-
<b>Total Liabilities</b>	<b>21,175</b>	<b>11,759</b>	<b>1,848</b>	<b>-</b>	<b>7,997</b>	<b>79,955</b>	<b>-</b>
<b>Fund Balances</b>							
Unreserved	-	713,811	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>713,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,175</b>	<b>\$ 725,570</b>	<b>\$ 1,848</b>	<b>\$ -</b>	<b>\$ 7,997</b>	<b>\$ 79,955</b>	<b>\$ -</b>

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2007**

	Regional Safe Schools	Secretary of State Community Literacy	Service Fund	System of Support Other State Programs	System of Support Title I - School Improvement and Accountability	System of Support Title II Teacher Quality Leadership Grant
<b>Assets</b>						
Cash	\$ -	\$ -	\$ 5,896	\$ 67,375	\$ 88,414	\$ 26,539
Due from other governments	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,896</b>	<b>\$ 67,375</b>	<b>\$ 88,414</b>	<b>\$ 26,539</b>
<b>Liabilities</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Deferred revenue	-	-	1,700	67,375	88,414	26,539
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,700</b>	<b>67,375</b>	<b>88,414</b>	<b>26,539</b>
<b>Fund Balances</b>						
Unreserved	-	-	4,196	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>4,196</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,896</b>	<b>\$ 67,375</b>	<b>\$ 88,414</b>	<b>\$ 26,539</b>

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2007**

	Title I Migrant Education (07-4340-01)	Title I Reading First Part B SEA Funds (07-4337-00)	Title I Reading First Part B SEA Funds (06-4337-01)	Title I Reading First Part B SEA Funds (06-4337-02)	Truants Alternative/ Optional Education	Workforce Investment Act	Total
<b>Assets</b>							
Cash	\$ 41,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,264,832
Due from other governments	-	-	-	-	-	18,363	26,984
<b>Total Assets</b>	<b>\$ 41,319</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,363</b>	<b>\$ 1,291,816</b>
<b>Liabilities</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,363	\$ 18,363
Due to other governments	-	-	-	-	-	-	23,367
Accounts payable	-	-	-	-	-	-	10,925
Deferred revenue	41,319	-	-	-	-	-	323,310
<b>Total Liabilities</b>	<b>41,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,363</b>	<b>375,965</b>
<b>Fund Balances</b>							
Unreserved	-	-	-	-	-	-	915,851
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>915,851</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 41,319</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,363</b>	<b>\$ 1,291,816</b>



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	Adult Education	Area 6 South Tech Hub	Cairo Community Education Center	DCBO Eliminate the Digital Divide	English Language Learning Title III	Even Start
<b>Revenues:</b>						
Local sources	\$ 30,997	\$ -	\$ 94,235	\$ -	\$ -	\$ -
State sources	371,807	13,418	-	12,671	-	-
Federal sources	245,264	-	-	-	5,000	104,543
<b>Total Revenues</b>	<b>648,068</b>	<b>13,418</b>	<b>94,235</b>	<b>12,671</b>	<b>5,000</b>	<b>104,543</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Salaries and benefits	542,882	13,249	15,124	7,178	-	79,078
Purchased services	79,743	169	68,741	67	4,061	15,981
Supplies and materials	59,040	-	-	2,756	939	4,847
Capital outlay	-	-	-	2,780	-	4,637
Other objects	-	-	5,000	-	-	-
Payments to other governments	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>681,665</b>	<b>13,418</b>	<b>88,865</b>	<b>12,781</b>	<b>5,000</b>	<b>104,543</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(33,597)</b>	<b>-</b>	<b>5,370</b>	<b>(110)</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interest	5,533	-	103	110	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>5,533</b>	<b>-</b>	<b>103</b>	<b>110</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(28,064)</b>	<b>-</b>	<b>5,473</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance - Beginning	203,373	-	17,062	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ 175,309</b>	<b>\$ -</b>	<b>\$ 22,535</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	Flexible Funding for Wraparound Plans	General State Aid	Kids in School (DHS)	McKinney Education for Homeless Children	Miscellaneous Grant Funds	Mathematics and Science Partnerships	Other State Programs
<b>Revenues:</b>							
Local sources	\$ -	\$ 68,384	\$ -	\$ -	\$ 46,509	\$ -	\$ -
State sources	-	364,472	-	-	1,800	-	48,844
Federal sources	29,119	22,336	-	25,545	7,920	99,792	-
<b>Total Revenues</b>	<b>29,119</b>	<b>455,192</b>	<b>-</b>	<b>25,545</b>	<b>56,229</b>	<b>99,792</b>	<b>48,844</b>
<b>Expenditures:</b>							
Current:							
Salaries and benefits	-	64,113	-	14,581	28,495	19,240	786
Purchased services	-	80,943	-	2,494	8,456	71,615	44,153
Supplies and materials	-	52,944	-	8,470	3,570	8,937	438
Capital outlay	-	1,298	-	-	-	-	-
Other objects	29,119	11,465	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	3,720
<b>Total Expenditures</b>	<b>29,119</b>	<b>210,763</b>	<b>-</b>	<b>25,545</b>	<b>40,521</b>	<b>99,792</b>	<b>49,097</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>244,429</b>	<b>-</b>	<b>-</b>	<b>15,708</b>	<b>-</b>	<b>(253)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	13,098	-	-	-	-	-
Transfers out	-	-	-	-	(15,708)	-	-
Interest	-	8,436	-	-	-	-	253
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>21,534</b>	<b>-</b>	<b>-</b>	<b>(15,708)</b>	<b>-</b>	<b>253</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>265,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>447,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ 713,811</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	Regional Safe Schools	Secretary of State Community Literacy	Service Fund	System of Support Other State Programs	System of Support Title I - School Improvement and Accountability	System of Support Title II Teacher Quality Leadership Grant
<b>Revenues:</b>						
Local sources	\$ -	\$ 151	\$ 25	\$ -	\$ -	\$ -
State sources	113,107	49,025	-	113,069	-	-
Federal sources	-	-	-	-	797,062	38,270
Total Revenues	<u>113,107</u>	<u>49,176</u>	<u>25</u>	<u>113,069</u>	<u>797,062</u>	<u>38,270</u>
<b>Expenditures:</b>						
Current:						
Salaries and benefits	92,286	27,946	-	19,914	130,248	-
Purchased services	14,646	19,911	525	35,470	61,182	35,998
Supplies and materials	6,338	1,411	-	3,526	7,716	-
Capital outlay	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
Payments to other governments	-	-	-	54,290	597,916	2,272
Total Expenditures	<u>113,270</u>	<u>49,268</u>	<u>525</u>	<u>113,200</u>	<u>797,062</u>	<u>38,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(163)</u>	<u>(92)</u>	<u>(500)</u>	<u>(131)</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interest	163	92	65	131	-	-
Total Other Financing Sources (Uses)	<u>163</u>	<u>92</u>	<u>65</u>	<u>131</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(435)	-	-	-
Fund Balance - Beginning	-	-	4,631	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	Title I Migrant Education (07-4340-01)	Title I Reading First Part B SEA Funds (07-4337-00)	Title I Reading First Part B SEA Funds (06-4337-01)	Title I Reading First Part B SEA Funds (06-4337-02)	Truants Alternative/ Optional Education	Workforce Investment Act	Total
<b>Revenues:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,301
State sources	-	-	-	-	146,593	-	1,234,806
Federal sources	1,217	21,200	23,459	6,546	-	67,024	1,494,297
Total Revenues	<u>1,217</u>	<u>21,200</u>	<u>23,459</u>	<u>6,546</u>	<u>146,593</u>	<u>67,024</u>	<u>2,969,404</u>
<b>Expenditures:</b>							
Current:							
Salaries and benefits	739	1,032	23,459	-	93,275	47,928	1,221,553
Purchased services	352	12,221	-	6,546	49,923	15,271	628,468
Supplies and materials	126	7,947	-	-	3,545	5,321	177,871
Capital outlay	-	-	-	-	-	-	8,715
Other objects	-	-	-	-	-	-	45,584
Payments to other governments	-	-	-	-	-	-	658,198
Total Expenditures	<u>1,217</u>	<u>21,200</u>	<u>23,459</u>	<u>6,546</u>	<u>146,743</u>	<u>68,520</u>	<u>2,740,389</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>(1,496)</u>	<u>229,015</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	1,496	14,594
Transfers out	-	-	-	-	-	-	(15,708)
Interest	-	-	-	-	150	-	15,036
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>1,496</u>	<u>13,922</u>
Net Change in Fund Balance	-	-	-	-	-	-	242,937
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>672,914</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 915,851</u>

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
ADULT EDUCATION PROGRAMS  
June 30, 2007**

	<u>Federal Basic</u>	<u>General Revenue</u>	<u>Performance</u>	<u>Public Assistance</u>	<u>State 3-1</u>	<u>Vocational Flow-Through</u>	<u>Total</u>
<b>Assets</b>							
Cash	\$ -	\$ 181,651	\$ -	\$ -	\$ -	\$ -	\$ 181,651
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 181,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,651</u>
<b>Liabilities</b>							
Deferred revenue	\$ -	\$ 6,342	\$ -	\$ -	\$ -	\$ -	\$ 6,342
<b>Fund Balances</b>							
Unreserved	-	175,309	-	-	-	-	175,309
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 181,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,651</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION PROGRAMS**  
**For the Year Ended June 30, 2007**

	Federal Basic	General Revenue	Performance	Public Assistance	State 3-1	Vocational Flow-Through	Total
<b>Revenues:</b>							
Local sources	\$ -	\$ 30,997	\$ -	\$ -	\$ -	\$ -	\$ 30,997
State sources	-	-	42,732	35,973	236,971	56,131	371,807
Federal sources	245,264	-	-	-	-	-	245,264
Total Revenues	<u>245,264</u>	<u>30,997</u>	<u>42,732</u>	<u>35,973</u>	<u>236,971</u>	<u>56,131</u>	<u>648,068</u>
<b>Expenditures:</b>							
<b>Current:</b>							
Salaries and benefits	203,749	36,212	4,778	22,900	220,364	54,879	542,882
Purchased services	17,382	12,182	24,343	10,305	14,279	1,252	79,743
Supplies and materials	24,133	16,200	13,611	2,768	2,328	-	59,040
Total Expenditures	<u>245,264</u>	<u>64,594</u>	<u>42,732</u>	<u>35,973</u>	<u>236,971</u>	<u>56,131</u>	<u>681,665</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(33,597)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,597)</u>
<b>Other Financing Sources (Uses):</b>							
Interest	-	5,533	-	-	-	-	5,533
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,533</u>
Net Changes in Fund Balances	-	(28,064)	-	-	-	-	(28,064)
Fund Balances - Beginning	<u>-</u>	<u>203,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,373</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 175,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,309</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - FEDERAL BASIC**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 245,264	\$ 245,264	\$ 245,264
Total Revenues	<u>245,264</u>	<u>245,264</u>	<u>245,264</u>
Expenditures:			
Current:			
Salaries and benefits	194,319	194,319	203,749
Purchased services	7,077	7,077	17,382
Supplies and materials	43,868	43,868	24,133
Total Expenditures	<u>245,264</u>	<u>245,264</u>	<u>245,264</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - PERFORMANCE**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 42,732	\$ 42,732	\$ 42,732
Total Revenues	<u>42,732</u>	<u>42,732</u>	<u>42,732</u>
Expenditures:			
Current:			
Salaries and benefits	5,474	5,474	4,778
Purchased services	20,228	20,228	24,343
Supplies and materials	17,030	17,030	13,611
Total Expenditures	<u>42,732</u>	<u>42,732</u>	<u>42,732</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - PUBLIC ASSISTANCE**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 35,973	\$ 35,973	\$ 35,973
Total Revenues	<u>35,973</u>	<u>35,973</u>	<u>35,973</u>
Expenditures:			
Current:			
Salaries and benefits	23,054	23,054	22,900
Purchased services	12,919	12,919	10,305
Supplies and materials	-	-	2,768
Total Expenditures	<u>35,973</u>	<u>35,973</u>	<u>35,973</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - STATE 3-1**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 236,971	\$ 236,971	\$ 236,971
Total Revenues	<u>236,971</u>	<u>236,971</u>	<u>236,971</u>
Expenditures:			
Current:			
Salaries and benefits	223,661	223,661	220,364
Purchased services	13,310	13,310	14,279
Supplies and materials	-	-	2,328
Total Expenditures	<u>236,971</u>	<u>236,971</u>	<u>236,971</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**AREA 6 SOUTH TECH HUB**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 12,418	\$ 12,418	\$ 13,418
Total Revenues	<u>12,418</u>	<u>12,418</u>	<u>13,418</u>
Expenditures:			
Current:			
Salaries and benefits	12,418	12,418	13,249
Purchased services	-	-	169
Total Expenditures	<u>12,418</u>	<u>12,418</u>	<u>13,418</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**ENGLISH LANGUAGE LEARNING TITLE III**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 5,000	\$ 5,000	\$ 5,000
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Expenditures:			
Current:			
Purchased services	4,750	4,750	4,061
Supplies and materials	250	250	939
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the period July 1, 2006 through June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**EVEN START**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 107,722	\$ 107,722	\$ 104,543
Total Revenues	<u>107,722</u>	<u>107,722</u>	<u>104,543</u>
Expenditures:			
Current:			
Salaries and benefits	78,430	78,430	79,078
Purchased services	17,628	17,628	15,981
Supplies and materials	11,664	11,664	4,847
Capital outlay	-	-	4,637
Total Expenditures	<u>107,722</u>	<u>107,722</u>	<u>104,543</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
(For the Period of July 1, 2006 to June 30, 2007)  
**EDUCATION FUND ACCOUNTS**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN**  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 25,545	\$ 25,545	\$ 25,545
Total Revenues	<u>25,545</u>	<u>25,545</u>	<u>25,545</u>
Expenditures:			
Current:			
Salaries and benefits	14,748	14,748	14,581
Purchased services	3,541	3,541	2,494
Supplies and materials	7,256	7,256	8,470
Total Expenditures	<u>25,545</u>	<u>25,545</u>	<u>25,545</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2006 to June 30, 2007)  
**EDUCATION FUND ACCOUNTS**  
**MATHEMATICS AND SCIENCE PARTNERSHIPS (FY 2006)**  
 For the Year Ended June 30, 2007

	Budgeted Amounts				Amounts
	Original		Final		
	07/01/05 06/30/06	07/01/06 06/30/07	07/01/05 06/30/06	07/01/06 06/30/07	
<b>Revenues:</b>					
Federal sources	\$ 203,992	\$ 240,464	\$ 203,992	\$ 240,464	99,792
<b>Total Revenues</b>	<u>203,992</u>	<u>240,464</u>	<u>203,992</u>	<u>240,464</u>	<u>99,792</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries and benefits	17,342	23,726	17,342	23,726	19,240
Purchased services	165,450	205,156	165,450	205,156	71,615
Supplies and materials	21,200	11,582	21,200	11,582	8,937
Payments to other governments	-	-	-	-	-
<b>Total Expenditures</b>	<u>203,992</u>	<u>240,464</u>	<u>203,992</u>	<u>240,464</u>	<u>99,792</u>
<b>Net Change in Fund Balances</b>	-	-	-	-	-
<b>Fund Balances - Beginning</b>	-	-	-	-	-
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2005 to August 31, 2006)**  
**EDUCATION FUND ACCOUNTS**  
**OTHER STATE PROGRAMS**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 200,000	\$ 200,000	\$ 48,844
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>48,844</u>
Expenditures:			
Current:			
Salaries and benefits	23,898	24,001	786
Purchased services	168,293	174,754	44,153
Supplies and materials	7,809	1,245	438
Payments to other governments	-	-	3,720
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>49,097</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(253)</u>
Other Financing Sources (Uses):			
Interest	-	-	253
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>253</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**REGIONAL SAFE SCHOOLS**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 113,107	\$ 113,107	\$ 113,107
Total Revenues	<u>113,107</u>	<u>113,107</u>	<u>113,107</u>
Expenditures:			
Current:			
Salaries and benefits	91,551	91,551	92,286
Purchased services	12,514	12,514	14,646
Supplies and materials	9,042	9,042	6,338
Total Expenditures	<u>113,107</u>	<u>113,107</u>	<u>113,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(163)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>163</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>163</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**SECRETARY OF STATE COMMUNITY LITERACY**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 151
State sources	48,600	48,600	49,025
Total Revenues	<u>48,600</u>	<u>48,600</u>	<u>49,176</u>
Expenditures:			
Current:			
Salaries and benefits	27,383	27,383	27,946
Purchased services	19,897	19,897	19,911
Supplies and materials	1,320	1,320	1,411
Total Expenditures	<u>48,600</u>	<u>48,600</u>	<u>49,268</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(92)</u>
Other Financing Sources (Uses):			
Interest	-	-	92
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>92</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**STANDARDS ALIGNED CLASSROOM**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 6,000	\$ 6,000	\$ 6,000
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Expenditures:			
Current:			
Salaries and benefits	4,422	4,422	4,440
Purchased services	1,508	1,508	1,490
Supplies and materials	70	70	70
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2005 to August 31, 2006)**  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - OTHER STATE PROGRAMS**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 200,000	\$ 200,000	\$ 113,069
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>113,069</u>
Expenditures:			
Current:			
Salaries and benefits	23,478	23,478	19,914
Purchased services	65,514	65,514	35,470
Supplies and materials	5,004	5,004	3,526
Payments to other governments	106,004	106,004	54,290
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>113,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(131)</u>
Other Financing Sources (Uses):			
Interest	-	-	131
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>131</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
(For the Period of July 1, 2006 to August 31, 2007)  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY**  
For the Year Ended June 30, 2007

	Budgeted Amounts				Amounts
	Original		Final		
	07/01/05 06/30/06	07/01/06 06/30/07	07/01/05 06/30/06	07/01/06 06/30/07	
Revenues:					
Federal sources	\$ 810,000	\$ 810,000	\$ 810,000	\$ 810,000	\$ 797,062
Total Revenues	<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	<u>797,062</u>
Expenditures:					
Current:					
Salaries and benefits	153,934	137,899	153,934	137,899	130,248
Purchased services	651,216	664,546	651,216	664,546	61,182
Supplies and materials	4,850	7,555	4,850	7,555	7,716
Payments to other governments	-	-	-	-	597,916
Total Expenditures	<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	<u>797,062</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balances - Beginning	-	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
 (For the Period of July 1, 2006 to August 31, 2007)  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - TITLE II - TEACHER QUALITY - LEADERSHIP GRANT**  
 For the Year Ended June 30, 2007

	Budgeted Amounts				Amounts
	Original		Final		
	07/01/05 06/30/06	07/01/06 06/30/07	07/01/05 06/30/06	07/01/06 08/31/07	
<b>Revenues:</b>					
Federal sources	\$ 70,000	\$ 56,000	\$ 70,000	\$ 70,000	38,270
<b>Total Revenues</b>	<u>70,000</u>	<u>56,000</u>	<u>70,000</u>	<u>70,000</u>	<u>38,270</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries and benefits	-	-	-	-	-
Purchased services	70,000	56,000	70,000	70,000	35,998
Supplies and materials	-	-	-	-	-
Payments to other governments	-	-	-	-	2,272
<b>Total Expenditures</b>	<u>70,000</u>	<u>56,000</u>	<u>70,000</u>	<u>70,000</u>	<u>38,270</u>
<b>Net Change in Fund Balances</b>	-	-	-	-	-
<b>Fund Balances - Beginning</b>	-	-	-	-	-
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of May 23, 2007 to August 31, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - MIGRANT EDUCATION (07-4340-01) (FY2007)**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 42,536	\$ 42,536	\$ 1,217
Total Revenues	<u>42,536</u>	<u>42,536</u>	<u>1,217</u>
Expenditures:			
Current:			
Salaries and benefits	18,972	18,972	739
Purchased services	14,887	14,887	352
Supplies and materials	8,677	8,677	126
Total Expenditures	<u>42,536</u>	<u>42,536</u>	<u>1,217</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - READING FIRST PART B SEA FUNDS (07-4337-00) (FY2007)**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 21,200	\$ 21,200	\$ 21,200
Total Revenues	<u>21,200</u>	<u>21,200</u>	<u>21,200</u>
Expenditures:			
Current:			
Salaries and benefits	1,030	1,030	1,032
Purchased services	11,130	11,130	12,221
Supplies and materials	9,040	9,040	7,947
Total Expenditures	<u>21,200</u>	<u>21,200</u>	<u>21,200</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2005 to August 31, 2006)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - READING FIRST PART B SEA (06-4337-01) (FY2006)**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 79,536	\$ 79,536	\$ 23,459
Total Revenues	<u>79,536</u>	<u>79,536</u>	<u>23,459</u>
Expenditures:			
Current:			
Salaries and benefits	66,200	66,200	23,459
Purchased services	13,336	13,336	-
Total Expenditures	<u>79,536</u>	<u>79,536</u>	<u>23,459</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2005 to August 31, 2006)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - READING FIRST PART B SEA (06-4337-02) (FY2006)**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 16,348	\$ 16,348	\$ 6,546
Total Revenues	<u>16,348</u>	<u>16,348</u>	<u>6,546</u>
Expenditures:			
Current:			
Salaries and benefits	531	531	-
Purchased services	9,018	9,018	6,546
Supplies and materials	4,549	4,549	-
Capital outlay	2,250	2,250	-
Total Expenditures	<u>16,348</u>	<u>16,348</u>	<u>6,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 146,593	\$ 146,593	\$ 146,593
Total Revenues	<u>146,593</u>	<u>146,593</u>	<u>146,593</u>
Expenditures:			
Current:			
Salaries and benefits	92,391	92,391	93,275
Purchased services	49,258	49,258	49,923
Supplies and materials	4,944	4,944	3,545
Total Expenditures	<u>146,593</u>	<u>146,593</u>	<u>146,743</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(150)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>150</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>150</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period July 1, 2006 to June 30, 2007)**  
**EDUCATION FUND ACCOUNTS**  
**WORKFORCE INVESTMENT ACT**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 68,520	\$ 68,520	\$ 67,024
Total Revenues	<u>68,520</u>	<u>68,520</u>	<u>67,024</u>
Expenditures:			
Current:			
Salaries and benefits	53,020	53,020	47,928
Purchased services	10,300	10,300	15,271
Supplies and materials	5,200	5,200	5,321
Total Expenditures	<u>68,520</u>	<u>68,520</u>	<u>68,520</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1,496)</u>
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>-</u>	<u>1,496</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,496</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2007**

	<u>Institute</u>	<u>Bus Driver Permit</u>	<u>Supervisory</u>	<u>General Education Development</u>	<u>Totals</u>
Assets					
Cash	\$ 2,499	\$ 719	\$ -	\$ 40	\$ 3,258
Total Assets	<u>\$ 2,499</u>	<u>\$ 719</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 3,258</u>
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ 1,300</u>
Fund Balances:					
Unreserved	<u>2,499</u>	<u>719</u>	<u>-</u>	<u>(1,260)</u>	<u>1,958</u>
Total Liabilities and Fund Balances	<u>\$ 2,499</u>	<u>\$ 719</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 3,258</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2007**

	Institute	Bus Driver Permit	Supervisory	General Education Development	Totals
<b>Revenue:</b>					
Local sources	\$ 21,646	\$ 1,144	\$ -	\$ 4,372	\$ 27,162
State sources	-	720	5,000	-	5,720
Total Revenues	<u>21,646</u>	<u>1,864</u>	<u>5,000</u>	<u>4,372</u>	<u>32,882</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Salaries and benefits	24,925	2,120	-	2,527	29,572
Purchased services	11,652	1,086	5,000	1,052	18,790
Supplies and materials	1,390	-	28	2,656	4,074
Total Expenditures	<u>37,967</u>	<u>3,206</u>	<u>5,028</u>	<u>6,235</u>	<u>52,436</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,321)</u>	<u>(1,342)</u>	<u>(28)</u>	<u>(1,863)</u>	<u>(19,554)</u>
<b>Other Financing Sources (Uses):</b>					
Interest	388	15	28	1	432
Total Other Financing Sources (Uses)	<u>388</u>	<u>15</u>	<u>28</u>	<u>1</u>	<u>432</u>
Net Change in Fund Balances	(15,933)	(1,327)	-	(1,862)	(19,122)
Fund Balance - Beginning	<u>18,432</u>	<u>2,046</u>	<u>-</u>	<u>602</u>	<u>21,080</u>
Fund Balance - Ending	<u>\$ 2,499</u>	<u>\$ 719</u>	<u>\$ -</u>	<u>\$ (1,260)</u>	<u>\$ 1,958</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**For the Year Ended June 30, 2007**

	Balance 7/1/2006	Additions	Deductions	Balance 6/30/2007
<u>Distributive Fund</u>				
Assets				
Cash	\$ 3,484	\$ 57,348,026	\$ 57,317,828	\$ 33,682
Due from other governments	1,601,657	962,152	1,601,657	962,152
<b>Total Assets</b>	<b>\$ 1,605,141</b>	<b>\$ 58,310,178</b>	<b>\$ 58,919,485</b>	<b>\$ 995,834</b>
Liabilities				
Due to other governments	\$ 1,605,141	\$ 58,310,178	\$ 58,919,485	\$ 995,834
<b>Total Liabilities</b>	<b>\$ 1,605,141</b>	<b>\$ 58,310,178</b>	<b>\$ 58,919,485</b>	<b>\$ 995,834</b>

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 For the Year Ended June 30, 2007

DISTRIBUTIONS	Acct. No.	Total	1 Cairo SD #1	2 Egyptian CUSD \$	3 Goreville CUD 1	4 New Simpson Hill CD 32	5 Buncombe CSD
<b>Local Funds</b>							
Distributive Fund Interest	1510	\$ 27,385	\$	\$	\$	\$	\$
<b>Total Local Funds</b>		<u>27,385</u>	-	-	-	-	-
<b>State Funds</b>							
General State Aid - Sec. 18-8	3001	35,931,698	4,591,888	2,782,222	1,795,722	1,200,948	262,221
General State Aid - Hold Harmless	3002	584,125					
Transition Assistance	3099	24,498					
Sp. Ed. - Private Facility Tuition	3100	38,366			2,514		
Sp. Ed. - Extraordinary	3105	1,618,073	223,145	94,837	86,354	63,242	10,147
Sp. Ed. - Personnel	3110	1,688,152	207,924	130,898	104,032	28,135	24,125
Sp. Ed. - Orphanage - Individual	3120	217,942	8,823		15,293		397
Sp. Ed. - Orphanage - Summer Individual	3130	13,208					
Sp. Ed. - Summer School	3145	457					
Bilingual Ed. - Downstate	3305	14,970					
State Free Lunch & Breakfast	3360	113,003	21,053	8,223	4,000	2,887	806
School Breakfast Incentive	3365	16,375	201	214	65		13
Driver Education	3370	106,348	4,464	7,235	7,052		
Transportation - Regular	3500	2,915,960	159,058	352,462	110,203	168,540	40,257
Transportation - Special Education	3510	1,105,857	138,187	16,955	23,352	1,386	7,192
ROE School Bus Driver Training	3520	720					
National BD Cert. Initiatives	3651	3,000				3,000	
Truants Alternative/Operational Ed.	3695	198,418	51,825				
Regional Safe Schools Program	3696	113,107					
Early Childhood - State Preschool At Risk	3705	2,856,488	379,806	325,158	82,323	98,579	
ROE/ESC Operations	3730	69,436					
K-6 Reading Improvement	3715	356,670	38,509	26,182	18,881	11,750	4,151
Supervisory Expense	3745	5,000					
ADA Safety & Education Block Grant	3775	322,823	23,548	20,081	21,814	9,679	2,475
Summer Bridges Program	3825	84,266	41,266				
Arts and Foreign Language	3962	16,692		16,692			
Class Size Reduction	3981	100,000					
Education Facilities Grant	3999	180,444					
Technology Revolving Loan	7500	81,250					
<b>Total State Funds</b>		<u>48,777,346</u>	<u>5,889,697</u>	<u>3,781,159</u>	<u>2,271,605</u>	<u>1,588,146</u>	<u>351,784</u>
<b>Federal Funds</b>							
Forest Reserve	4001	11,075	127	2,413	263	1,569	167
Title VI - Formula	4100	32,863	1,962	1,443	1,003	427	138
Title VI - Rural Education Init.	4107	58,408	31,160				
National School Lunch Program	4210	1,633,963	232,724	115,734	68,658	48,240	12,370
School Breakfast Program	4220	687,849	126,238	51,787	19,514	14,848	6,103
Child Nutrition Comm/Salvage	4250	1,559	152	107	104	46	12
IASA - Title I - Low Income	4300	3,288,028	723,026	289,760	98,267	41,166	26,725
IASA - Title I - School Improvement	4331	579,600					
IASA - Title I - School Reform	4332	186,161	73,290	32,290			
Title I - Reading First	4334	158					158
IASA - Even Start	4335	87,312					
Illinois Reading First	4337	49,446					
IASA - Title I - Migrant Education	4340	42,536					
IASA - Drug Free Schools - Formula	4400	52,896	11,600	4,954	2,364	1,041	430
Title IV - 21 Century CLC	4421	86,668		86,668			
Fed. - Sp. Ed. - Pre-School Flow Through	4600	27,983					
Fed. - Sp. Ed. - IDEA - Flow Through	4620	400,107					
Fed. - Sp. Ed. - IDEA - Room & Board	4625	141,307					
Title II - Teacher Quality	4932	777,035	149,030	62,655	27,551	15,942	6,363
IASA - Title II - Teacher Quality - Leadership	4935	46,847					
Math & Science Partnerships	4936	94,378					
Technology Enhancing Education - Formula	4971	29,935	9,604		1,026	438	246
Technology Enhancing Tech - Comp	4972	178,483		178,483			
Hurricane Emergency Relief	4995	2,500					
Lincoln-Academic Awards	4999	16,000					
<b>Total Federal Funds</b>		<u>8,513,097</u>	<u>1,358,913</u>	<u>826,294</u>	<u>218,750</u>	<u>123,717</u>	<u>52,712</u>
<b>TOTAL DISTRIBUTIONS</b>		<u>\$ 57,317,828</u>	<u>\$ 7,248,610</u>	<u>\$ 4,607,453</u>	<u>\$ 2,490,355</u>	<u>\$ 1,711,863</u>	<u>\$ 484,496</u>



REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the Year Ended June 30, 2007

DISTRIBUTIONS	Acct. No	6 Vienna SD 55	7 Cypress School Dist. #64	9 Vienna High School Dist. 13-3	10 Massac UD 1	11 Joppa-Maple Grove UD 38	13 Century CUSD 100
<b>Local Funds</b>							
Distributive Fund Interest	1510	\$	\$	\$	\$	\$	\$
<b>Total Local Funds</b>		-	-	-	-	-	-
<b>State Funds</b>							
General State Aid - Sec. 18-8	3001		521,523	1,342,975	8,051,791	345,894	
General State Aid - Hold Harmless	3002						
Transition Assistance	3099						
Sp. Ed. - Private Facility Tuition	3100				21,899		
Sp. Ed. - Extraordinary	3105		37,582	12,714	458,532	10,993	
Sp. Ed. - Personnel	3110		21,532	17,675	348,799	60,174	
Sp. Ed. - Orphanage - Individual	3120				86,752		
Sp. Ed. - Orphanage - Summer Individual	3130						
Sp. Ed. - Summer School	3145						
Bilingual Ed. - Downstate	3305						
State Free Lunch & Breakfast	3360		1,634	2,422	22,569	4,214	
School Breakfast Incentive	3365		185	405	626	123	
Driver Education	3370			16,779	23,787	3,694	
Transportation - Regular	3500		92,193	165,523	602,479	151,280	43,969
Transportation - Special Education	3510		1,600	27,156	303,250	20,463	23,945
ROE School Bus Driver Training	3520						
National BD Cert. Initiatives	3651						
Truants Alternative/Operational Ed.	3695						
Regional Safe Schools Program	3696						
Early Childhood - State Preschool At Risk	3705		64,879		399,597	75,400	
ROE/ESC Operations	3730						
K-6 Reading Improvement	3715		5,466		81,185	15,370	
Supervisory Expense	3745						
ADA Safety & Education Block Grant	3775		4,288	13,922	83,837	10,756	
Summer Bridges Program	3825						
Arts and Foreign Language	3962						
Class Size Reduction	3981						
Education Facilities Grant	3999						
Technology Revolving Loan	7500			81,250			
<b>Total State Funds</b>		-	750,882	1,680,821	10,485,103	698,361	67,914
<b>Federal Funds</b>							
Forest Reserve	4001	559			365		
Title VI - Formula	4100		199	611	4,167	825	
Title VI - Rural Education Init.	4107						
National School Lunch Program	4210		26,412	39,087	341,089	60,731	
School Breakfast Program	4220		12,071	17,759	128,731	29,714	
Child Nutrition Comm/Silage	4250		24	42	369	60	
IASA - Title I - Low Income	4300		55,373	47,107	420,484	184,322	
IASA - Title I - School Improvement	4331						
IASA - Title I - School Reform	4332			15,000	50,760		
Title I - Reading First	4334						
IASA - Even Start	4335						
Illinois Reading First	4337						
IASA - Title I - Migrant Education	4340						
IASA - Drug Free Schools - Formula	4400		1,048	1,307	5,396	2,841	
Title IV - 21 Century CLC	4421						
Fed. - Sp. Ed. - Pre-School Flow Through	4600				27,983		
Fed. - Sp. Ed. - IDEA - Flow Through	4620				400,107		
Fed. - Sp. Ed. - IDEA - Room & Board	4625				141,075		
Title II - Teacher Quality	4932		14,706	17,286	143,780	32,594	
IASA - Title II - Teacher Quality - Leadership	4935						
Math & Science Partnerships	4936						
Technology Enhancing Education - Formula	4971		688		5,805	1,883	
Technology Enhancing Tech - Comp	4972						
Hurricane Emergency Relief	4995			2,500			
Lincoln-Academic Awards	4999						
<b>Total Federal Funds</b>		559	110,521	140,699	1,670,111	312,970	-
<b>TOTAL DISTRIBUTIONS</b>		\$ 559	\$ 861,403	\$ 1,821,520	\$ 12,155,214	\$ 1,011,331	\$ 67,914

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2007**

DISTRIBUTIONS	Acct. No.	14 Meridian CUSD #101	15 JAMP Special Ed. Services	16 Lick Creek CCSD #16	17 Cobden SUD 17	18 Anna School Dist #37	19 Jonesboro CCSD #43
<b>Local Funds</b>							
Distributive Fund Interest	1510	\$	\$	\$	\$	\$	\$
<b>Total Local Funds</b>		-	-	-	-	-	-
<b>State Funds</b>							
General State Aid - Sec. 18-8	3001	4,165,913		487,459	3,006,241	2,647,557	1,751,497
General State Aid - Hold Harmless	3002						
Transition Assistance	3099						
Sp. Ed. - Private Facility Tuition	3100				13,953		
Sp. Ed. - Extraordinary	3105	236,682		2,638	107,944	90,399	60,788
Sp. Ed. - Personnel	3110	179,445	122,350	13,610	95,979	149,608	60,025
Sp. Ed. - Orphanage - Individual	3120	16,187			27,841	8,206	
Sp. Ed. - Orphanage - Summer Individual	3130					862	
Sp. Ed. - Summer School	3145				457		
Bilingual Ed. - Downstate	3305				14,970		
State Free Lunch & Breakfast	3360	14,449		1,304	6,474	7,891	4,429
School Breakfast Incentive	3365	77			117	121	
Driver Education	3370	8,159			7,543		
Transportation - Regular	3500	419,243		71,043	92,032	44,402	115,835
Transportation - Special Education	3510	61,641		5,156	127,954	77,346	33,310
ROE School Bus Driver Training	3520						
National BD Cert. Initiatives	3651						
Truants Alternative/Operational Ed.	3695						
Regional Safe Schools Program	3696						
Early Childhood - State Preschool At Risk	3705	321,080					1,109,666
ROE/ESC Operations	3730						
K-6 Reading Improvement	3715	38,902		5,530	23,815	41,630	22,537
Supervisory Expense	3745						
ADA Safety & Education Block Grant	3775	26,171		4,853	24,113	25,064	14,339
Summer Bridges Program	3825	43,000					
Arts and Foreign Language	3962						
Class Size Reduction	3981	100,000					
Education Facilities Grant	3999						
Technology Revolving Loan	7500						
<b>Total State Funds</b>		<u>5,630,949</u>	<u>122,350</u>	<u>591,593</u>	<u>3,549,433</u>	<u>3,093,086</u>	<u>3,172,418</u>
<b>Federal Funds</b>							
Forest Reserve	4001			410	1,352		705
Title VI - Formula	4100	1,810		82	16,664	484	349
Title VI - Rural Education Init.	4107	27,248					
National School Lunch Program	4210	214,705		20,399	107,274	124,486	65,549
School Breakfast Program	4220	81,334		8,402	31,315	47,794	37,995
Child Nutrition Comm/Salvage	4250	157		27	110	127	78
IASA - Title I - Low Income	4300	599,874		7,065	158,792	232,212	103,563
IASA - Title I - School Improvement	4331						
IASA - Title I - School Reform	4332	14,821					
Title I - Reading First	4334						
IASA - Even Start	4335						
Illinois Reading First	4337						
IASA - Title I - Migrant Education	4340						
IASA - Drug Free Schools - Formula	4400	8,335		371	3,191	3,704	1,000
Title IV - 21 Century CLC	4421						
Fed. - Sp. Ed. - Pre-School Flow Through	4600						
Fed. - Sp. Ed. - IDEA - Flow Through	4620						
Fed. - Sp. Ed. - IDEA - Room & Board	4625						232
Title II - Teacher Quality	4932	128,638		9,313	19,478	57,872	24,270
IASA - Title II - Teacher Quality - Leadership	4935						
Math & Science Partnerships	4936						
Technology Enhancing Education - Formula	4971	5,714		136	883	1,275	1,090
Technology Enhancing Tech - Comp	4972						
Hurricane Emergency Relief	4995						
Lincoln Academic Awards	4999					11,000	
<b>Total Federal Funds</b>		<u>1,082,636</u>	<u>-</u>	<u>46,205</u>	<u>339,059</u>	<u>478,954</u>	<u>234,831</u>
<b>TOTAL DISTRIBUTIONS</b>		<u>\$ 6,713,585</u>	<u>\$ 122,350</u>	<u>\$ 637,798</u>	<u>\$ 3,888,492</u>	<u>\$ 3,572,040</u>	<u>\$ 3,407,249</u>

REGIONAL OFFICE OF EDUCATION #2  
 ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 For the Year Ended June 30, 2007

DISTRIBUTIONS	Acct No.	21 Anna-Jonesboro CHSD #81	22 Shawnee CUSD 84	23 Transportation Fund	25 Migrant Education	30 ROE/ISC Operations	32 Even Start	34 Five County Vocational System
<b>Local Funds</b>								
Distributive Fund Interest	1510	\$	\$	\$	\$	\$	\$	\$
<b>Total Local Funds</b>		-	-	-	-	-	-	-
<b>State Funds</b>								
General State Aid - Sec. 18-8	3001	1,908,269	719,507					
General State Aid - Hold Harmless	3002		584,125					
Transition Assistance	3099	4,751	19,747					
Sp. Ed. - Private Facility Tuition	3100							
Sp. Ed. - Extraordinary	3105	94,786	27,298					
Sp. Ed. - Personnel	3110	40,905	82,936					
Sp. Ed. - Orphanage - Individual	3120	54,443						
Sp. Ed. - Orphanage - Summer Individual	3130	12,346						
Sp. Ed. - Summer School	3145							
Bilingual Ed. - Downstate	3305							
State Free Lunch & Breakfast	3360	2,031	7,402					
School Breakfast Incentive	3365		91					
Driver Education	3370	20,308	7,327					
Transportation - Regular	3500	53,769	233,672					
Transportation - Special Education	3510	75,370	161,594					
ROE School Bus Driver Training	3520							
National BD Cert. Initiatives	3651							
Truants Alternative/Operational Ed.	3695							
Regional Safe Schools Program	3696							
Early Childhood - State Preschool At Risk	3705							
ROE/ESC Operations	3730							
K-6 Reading Improvement	3715		22,762					
Supervisory Expense	3745							
ADA Safety & Education Block Grant	3775	19,511	18,372					
Summer Bridges Program	3825							
Arts and Foreign Language	3962							
Class Size Reduction	3981							
Education Facilities Grant	3999							180,444
Technology Revolving Loan	7500							
<b>Total State Funds</b>		2,286,626	1,884,833	-	-	-	-	180,444
<b>Federal Funds</b>								
Forest Reserve	4001		3,145					
Title VI - Formula	4100	1,322	1,135					
Title VI - Rural Education Init.	4107							
National School Lunch Program	4210	35,081	105,443					
School Breakfast Program	4220	10,081	57,808					
Child Nutrition Comm/Salvage	4250	39	105					
IASA - Title I - Low Income	4300	111,169	189,123					
IASA - Title I - School Improvement	4331							579,600
IASA - Title I - School Reform	4332							
Title I - Reading First	4334							
IASA - Even Start	4335						87,312	
Illinois Reading First	4337							
IASA - Title I - Migrant Education	4340				42,536			
IASA - Drug Free Schools - Formula	4400	2,967	2,000					
Title IV - 21 Century CLC	4421							
Fed. - Sp. Ed. - Pre-School Flow Through	4600							
Fed. - Sp. Ed. - IDEA - Flow Through	4620							
Fed. - Sp. Ed. - IDEA - Room & Board	4625							
Title II - Teacher Quality	4932	26,666	39,560					
IASA - Title II - Teacher Quality - Leadership	4935							46,847
Math & Science Partnerships	4936							
Technology Enhancing Education - Formula	4971	1,147						
Technology Enhancing Tech - Comp	4972							
Hurricane Emergency Relief	4995							
Lincoln-Academic Awards	4999							
<b>Total Federal Funds</b>		188,472	398,319	-	42,536	-	87,312	626,447
<b>TOTAL DISTRIBUTIONS</b>		\$ 2,475,098	\$ 2,283,152	\$ -	\$ 42,536	\$ -	\$ 87,312	\$ 806,891

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2007**

DISTRIBUTIONS	Acct. No.	35 Regions Bank	39 City National Bank	8 Janet Ulrich Reg. Supt. of Schools
<b>Local Funds</b>				
Distributive Fund Interest	1510	\$ 14,564	\$ 12,821	\$ -
<b>Total Local Funds</b>		<u>14,564</u>	<u>12,821</u>	<u>-</u>
<b>State Funds</b>				
General State Aid - Sec. 18-8	3001			350,071
General State Aid - Hold Harmless	3002			
Transition Assistance	3099			
Sp. Ed. - Private Facility Tuition	3100			
Sp. Ed. - Extraordinary	3105			
Sp. Ed. - Personnel	3110			
Sp. Ed. - Orphanage - Individual	3120			
Sp. Ed. - Orphanage - Summer Individual	3130			
Sp. Ed. - Summer School	3145			
Bilingual Ed. - Downstate	3305			
State Free Lunch & Breakfast	3360			1,215
School Breakfast Incentive	3365			14,000
Driver Education	3370			
Transportation - Regular	3500			
Transportation - Special Education	3510			
ROE School Bus Driver Training	3520			720
National BD Cert. Initiatives	3651			
Transits Alternative/Operational Ed.	3695			146,593
Regional Safe Schools Program	3696			113,107
Early Childhood - State Preschool At Risk	3705			
ROE/ESC Operations	3730		69,436	
K-6 Reading Improvement	3715			
Supervisory Expense	3745			5,000
ADA Safety & Education Block Grant	3775			
Summer Bridges Program	3825			
Arts and Foreign Language	3962			
Class Size Reduction	3981			
Education Facilities Grant	3999			
Technology Revolving Loan	7500			
<b>Total State Funds</b>		<u>-</u>	<u>69,436</u>	<u>630,706</u>
<b>Federal Funds</b>				
Forest Reserve	4001			
Title VI - Formula	4100			242
Title VI - Rural Education Init.	4107			
National School Lunch Program	4210			15,981
School Breakfast Program	4220			6,355
Child Nutrition Comm/Salvage	4250			
IASA - Title I - Low Income	4300			
IASA - Title I - School Improvement	4331			
IASA - Title I - School Reform	4332			
Title I - Reading First	4334			
IASA - Even Start	4335			
Illinois Reading First	4337			49,446
IASA - Title I - Migrant Education	4340			
IASA - Drug Free Schools - Formula	4400			347
Title IV - 21 Century CLC	4421			
Fed. - Sp. Ed. - Pre-School Flow Through	4600			
Fed. - Sp. Ed. - IDEA - Flow Through	4620			
Fed. - Sp. Ed. - IDEA - Room & Board	4625			
Title II - Teacher Quality	4932			1,331
IASA - Title II - Teacher Quality - Leadership	4935			-
Math & Science Partnerships	4936			94,378
Technology Enhancing Education - Formula	4971			
Technology Enhancing Tech - Comp	4972			
Hurricane Emergency Relief	4995			
Lincoln-Academic Awards	4999			5,000
<b>Total Federal Funds</b>		<u>-</u>	<u>-</u>	<u>173,080</u>
<b>TOTAL DISTRIBUTIONS</b>		<u>\$ 14,564</u>	<u>\$ 82,257</u>	<u>\$ 803,786</u>

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2007**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/06 - 6/30/07
<b>U. S. Department of Education passed through Illinois Community College Board</b>			
Adult Education - Federal Basic	84.002	N/A	<u>\$ 245,264</u>
<b>Total U. S. Department of Education passed through Illinois Community College Board</b>			<u>245,264</u>
<b>U. S. Department of Education passed through Illinois State Board of Education</b>			
Even Start	84.213C	07-4335-00	84,133
Even Start	84.213C	06-4335-00	20,410
Total Even Start			<u>104,543</u>
Title I - School Improvement & Accountability	84.010A	07-4331-SS	491,186 (M)
Title I - School Improvement & Accountability	84.010A	06-4331-SS	305,876 (M)
Total Title I - School Improvement & Accountability			<u>797,062</u>
Title I - Migrant Education	84.011A	07-4340-01	<u>1,217</u>
Title I - Reading First Part B SEA Funds	84.357A	07-4337-00	21,200
Title I - Reading First Part B SEA Funds	84.357A	06-4337-01	23,459
Title I - Reading First Part B SEA Funds	84.357A	06-4337-02	6,546
Total Title I - Reading First Part B SEA Funds			<u>51,205</u>
Title II - Teacher Quality	84.367A	07-4932-00	<u>1,331</u>
Title II - Teacher Quality - Leadership Grant	84.367A	07-4935-SS	8,036
Title II - Teacher Quality - Leadership Grant	84.367A	06-4935-SS	30,234
Total Title II - Teacher Quality - Leadership Grant			<u>38,270</u>
Other Federal Programs	84.365A	07-4999-PD	<u>5,000</u>
Title IV - Safe & Drug Free School Formula	84.186A	07-4400-00	<u>347</u>
Title V - Innovative Programs	84.298A	07-4100-00	<u>242</u>
Mathematics & Science Partnership	84.366B	07-4936-00	61,817
Mathematics & Science Partnership	84.366B	06-4936-00	37,975
Total Mathematics & Science Partnership			<u>99,792</u>
<b>Total U. S. Department of Education passed through Illinois State Board of Education</b>			<u>1,099,009</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)**  
**For the Year Ended June 30, 2007**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/06 - 6/30/07
<b>U. S. Department of Education</b>			
<b>passed through Regional Office of Education #25</b>			
Standards Aligned Classroom	84.010A	07-4331-00	\$       6,000
<b>Total U. S. Department of Education</b>			<u>6,000</u>
<b>passed through Regional Office of Education #25</b>			
<b>U. S. Department of Education</b>			
<b>passed through Regional Office of Education #21</b>			
McKinney Education for Homeless Children	84.196A	07-4920-00	<u>25,545</u>
<b>Total U. S. Department of Education</b>			<u>25,545</u>
<b>passed through Regional Office of Education #21</b>			
<b>TOTAL US DEPARTMENT OF EDUCATION</b>			<u>1,375,818</u>
<b>U. S. Department of Agriculture</b>			
<b>passed through Illinois State Board of Education</b>			
School Breakfast Program	10.553	07-4220-00	<u>6,355</u>
National School Lunch Program	10.555	07-4210-00	14,011
National School Lunch Program	10.555	06-4210-00	<u>1,970</u>
Total National School Lunch Program			<u>15,981</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<u>22,336</u>
<b>U. S. Department of Health and Human Services</b>			
<b>passed through Illinois Department of Child and Family Services</b>			
Flexible Funding for Wraparound Plans	93.104	N/A	<u>29,119</u>
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>29,119</u>
<b>U. S. Department of Labor</b>			
<b>passed through Shawnee Development Council</b>			
Workforce Investment Act	17.259	N/A	<u>67,024</u>
<b>TOTAL U. S. DEPARTMENT OF LABOR</b>			<u>67,024</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$     1,494,297</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2007**

**NOTE 1: REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #2 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2: SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, Regional Office of Education #2 provided federal awards to subrecipients as follows:

Program Title: Title I – School Improvement & Accountability  
Federal CFDA #: 84.010A  
Amount provided to subrecipients: \$ 597,916

**NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAM**

*Title I – School Improvement and Accountability*

This program supports the improvement of basic programs operated by the Regional Office of Education #2 by providing professional development for data analysis, school improvement plan and development, Standards-Aligned curriculum and instruction, and classroom assessment to System of Support Status schools on the Academic Early Warning and Watch lists.

**NOTE 4: NON-CASH ASSISTANCE**

None

**NOTE 5: AMOUNT OF INSURANCE**

None

**NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING**

None