



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007



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Hartford, CT 06106
860-247-CREC
www.crec.org

CAPITOL REGION EDUCATION COUNCIL
Hartford, Connecticut

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007



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Prepared by:
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CAPITOL REGION EDUCATION COUNCIL
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2007

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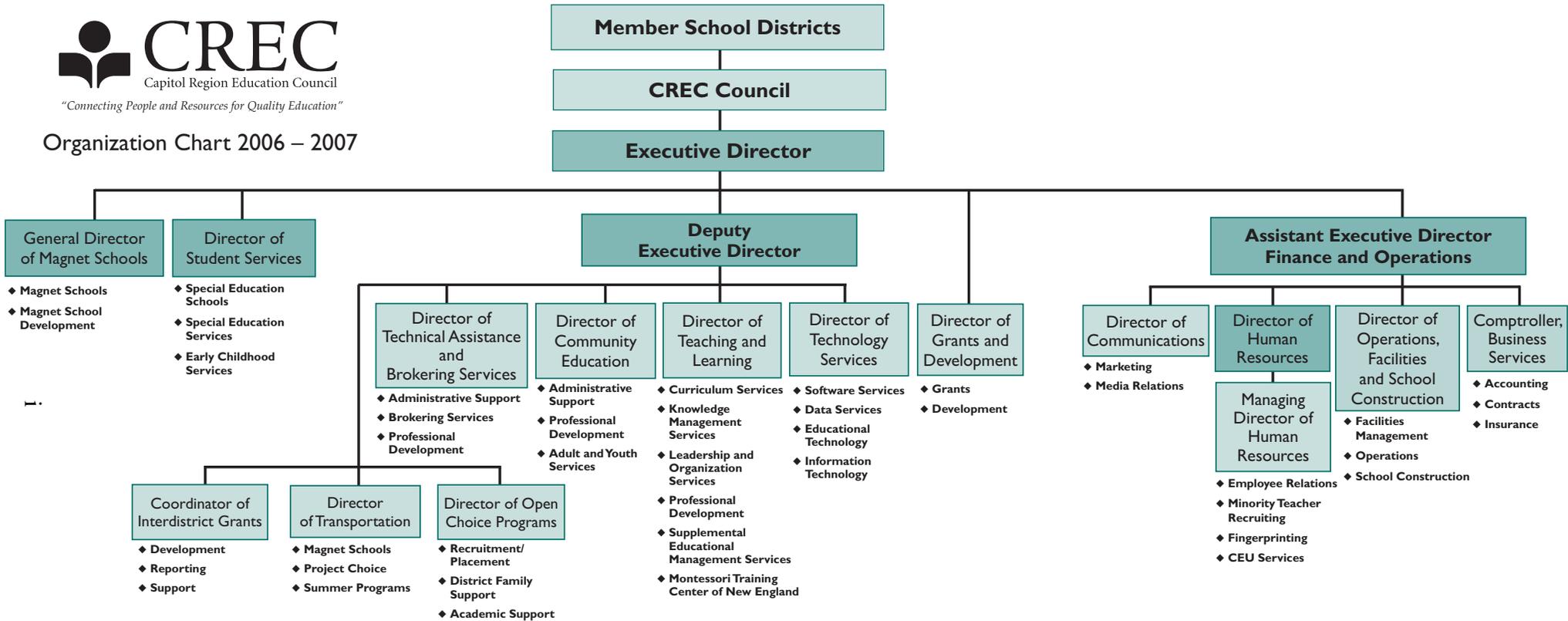
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Introductory Section



Organization Chart 2006 – 2007



Connecting People and Resources for Quality Education



To achieve its mission, CREC will:

- promote cooperation and collaboration with local school districts and other organizations committed to the improved quality of public education;
- provide cost effective services to member districts and clients;
- listen and respond to client needs for the improved quality of public education, and
- provide leadership in the region through the quality of its services and its ability to identify and share quality services of its member districts and other organizations committed to public education.

CREC staff and programs shall work with local school systems to meet their needs and the needs of students.

- Each student in the public schools of the Capitol Region will demonstrate learning at ever higher levels.
- Each student in the public schools of the Capitol Region will demonstrate, by the end of grade 3, high levels of literacy.
- Each student in the public schools of the Capitol Region will participate in learning environments that more nearly reflect the diversity of the region's population.

2006-2007 Governance

<p>Board of Directors Berlin - John Richards Bolton - John Hambrook Canton - Frank Byus - Chair Granby - Cal Heminway Hartford - David MacDonald Plainville - Becky Tyrrell Region 10 - Beth Duffy - Sec/Treasurer Simsbury - Lydia Tedone - Vice Chair Southington - Jerry Belanger West Hartford - Terry Schmitt</p> <p>Council Representatives Avon - Dr. Angela Shelton Berlin - John M. Richards Bloomfield - Shirley Thompson Bolton - John Hambrook Bristol - Christopher C. Wilson Canton - Frank Byus Cromwell - Shirley Banic East Granby - Michaela Rosenberger East Hartford - Karen S. Howe East Windsor - Terri Willingham Ellington - Ann Marie Hayes Enfield - Joyce P. Hall Farmington - Mary Grace Reed Glastonbury - Elizabeth Rogan Granby - Cal Heminway Hartford - David MacDonald Hartland - Amy Bourque New Britain - Peter Kochol Newington - Helen W. Nelson Plainville - Becky Tyrrell Portland - Honora Kenney Region 10 - Beth Duffy Burlington - Peter Turner Rocky Hill - Charles McMonigle Simsbury - Lydia Tedone Somers - Joan Formeister Southington - Jerry Belanger Suffield - Lauren Life Vernon - Amarjit Buttar West Hartford - Terry Schmitt Wethersfield - Janis K. Malec Windsor Locks - Brenda Ives Windsor - Doreen Richardson</p> <p>Professional Advisory Board Avon, Richard Kisiel Berlin, Michael Cicchetti Cromwell, Matt Bisceglia East Granby, Christine Mahoney East Hartford, Marion Martinez Enfield, John Gallacher Farmington, Robert Villanova Hartford, Jacqueline Jacoby</p>	<p><i>(Professional Advisory Board continued)</i> Glastonbury, Alan Bookman Granby, Gwen Van Dorp New Britain, Doris Kurtz New Hartford, Philip O'Reilly Newington, Ernest Perlini Plainville, Kathy Binkowski Portland, Sally Doyen Region 10, Paula Schwartz Rocky Hill, Cam Vautour Southington, Harvey Polansky South Windsor, Robert Kozaczka Suffield, John Reynolds Windsor, Elizabeth Feser Windsor Locks, Gregory Little</p> <p>CREC Administration Bruce E. Douglas, Ph.D., <i>Executive Director</i></p> <p>Colleen A. Palmer <i>Deputy Executive Director</i></p> <p>Donald P. Walsh, <i>Assistant Executive Director, Finance & Operations</i></p> <p>Joe Townsley, <i>General Director, Magnet Schools</i></p> <p>Frances DiFiore, <i>Assistant Director of Magnet Schools, Director of Teaching & Learning</i></p> <p>Richard A. Cormier, <i>Director of Human Resources</i></p> <p>Jacqueline L. Wasta, <i>Director, Student Services</i></p> <p>Douglas Casey, <i>Director of Technology Services</i></p> <p>Mark O'Donnell, Ph.D., <i>Director, Grants Division</i></p> <p>Linda L. Russell, <i>Director, Technical Assistance & Brokering Services</i></p> <p>Andrew Tyskiewicz, <i>Director, Community Education, Training and Employment Services</i></p>
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Capitol Region Education
Council, Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

November 10, 2007

To the Board of Directors and Council
Capitol Region Education Council

This is the Comprehensive Annual Financial Report (CAFR) of the Capitol Region Education Council (CREC) for the fiscal year ended June 30, 2007. The purpose of the report is to provide citizens, member boards of education, investors, grantor agencies and other interested parties with reliable financial information about CREC. CREC's Business Services Division is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe that the data presented in this annual report is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of CREC, as measured by the financial activity of its funds. The report contains all disclosures necessary to enable the reader to gain an understanding of CREC's financial affairs.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

REPORTING ENTITY

CREC is the oldest and largest of Connecticut's six regional educational service centers (RESCs). CREC serves 35 member public school districts of North Central Connecticut. CREC was established in 1966 as a "grassroots" effort of local school districts, organized under the provisions of the Connecticut General Statutes, Section 10-66 a.-n. CREC's mission is to improve the quality of public education through cooperative programs.

Pursuant to C.G.S. 10-66c, CREC, as a regional educational service center, is a body corporate and politic and, as such, is a public educational authority acting on behalf of the State of Connecticut. The Internal Revenue Service has determined CREC to be an organization described in Section 170 (c) (1) of the Code. The Connecticut State Department of Education (SDE) is CREC's regulatory agency. Publicly elected board of education members appointed by each member school district govern CREC. The term of office of Council directors may not exceed three years. The Council appoints an executive director to serve as the executive agent of CREC.

CREC provides a diverse range of services in education, health and human services. Some of the major services provided to member districts include regional programs providing education and related health services for children with disabilities in the least restrictive environment, magnet schools promoting integrated and quality education, early childhood intervention initiatives, staff development programs and technical assistance services. The financial statements include all of the funds of CREC.

ECONOMIC CONDITION AND OUTLOOK

The agency's economic condition is dependent upon the extent to which the primary purchasers of CREC services (local boards of education and the State) continue or increase their utilization of CREC services. CREC responds

Both the State and the local school districts, through their purchase of CREC's services, recognize the benefits of delivering educational services on a regional, cooperative basis. CREC's tradition of providing essential services with the flexibility to develop and modify program offerings based on market factors will continue. Current economic conditions indicate the slow growth environment in which CREC has operated during recent years, but CREC's services remain in demand. Revenue growth is expected to remain steady in 2008 as the State of Connecticut, the City of Hartford and member school districts continue to address budgetary concerns by utilizing CREC. CREC will continue to anticipate and identify new initiatives to provide increased sales of services to school districts.

FUTURE PLANS

Quality and Integrated Education:

Public Act 97-290, An Act Enhancing Educational Choices and Opportunities, sets forth the basis for much of the continued growth expected in quality and integrated education program activities. Specifically, this act requires each school district to immediately provide educational opportunities for students to interact with students and teachers from varied racial, ethnic and economic backgrounds and from other communities.

CREC has long held quality, integrated education as a primary focus. As a leader in promoting diversity, the application of CREC's core beliefs, mission, goals and objectives has resulted in tangible progress toward achieving this goal in our region. We expect that our magnet school enrollment, the Choice program, Interdistrict grants and other funding will continue to increase through 2008 and in future years, as the State responds to the racial and ethnic isolation in the Capitol Region and as a response to the State's settlement of Sheff vs. O'Neill diversity case.

Eight CREC magnet schools provided educational opportunities in the region during 2006-2007: the Metropolitan Learning Center (MLC) magnet school in Bloomfield; the East Hartford/Glastonbury Elementary Magnet School (EHGEMS) in East Hartford; the Greater Hartford Academy of the Arts (GHAA) in Hartford; the Greater Hartford Academy of Math and Science (GHAMAS) in Hartford; the Montessori Magnet in Hartford; the Two Rivers Magnet Middle School in East Hartford; the Great Path Academy in Manchester; and the University of Hartford Magnet School in Hartford. Our magnet school enrollment is over 2,950 students in 2007-2008 and our magnet school budgets total \$41,408,275. Our magnet schools will continue to grow and attract students by allowing them to focus on specific talents or interests, while studying a challenging core curriculum of language arts, mathematics, science, social studies and languages in a diverse environment. The Greater Hartford Academy of the Arts in 2007-2008 is offering full-time classes for 40 ninth graders, and the Great Path Academy has expanded its offering to tenth graders.

The Learning Corridor is a 16-acre, 350,000 square foot campus comprised of four interdistrict public magnet schools. In addition to four magnet schools, the campus also includes a Commons Building (cafeteria, offices, gymnasium and pool), the Theater of Performing Arts and a parking garage. CREC currently manages this property under contract to the City of Hartford.

The State of Connecticut has increased the funding for the construction of magnet schools, but has not adequately changed the basic funding formula for operating them, leaving an increasing gap in predictable operating funds for existing magnet schools and future magnet schools. CREC is working with State legislators, the Connecticut Department of Education, and magnet school stakeholders to address this issue. We anticipate that a better funding formula will be instituted in the future in order to improve the operation of magnet schools.

The Capitol Region Choice program served approximately 1,050 Hartford students who attended school in 28 CREC districts during the 2006-2007 school year. For the 2007-2008 school year, the Choice program will serve approximately 1,134 Hartford students in 28 districts and 120 schools. CREC plans to continue to manage and expand the Choice Program in future years through increased counseling and academic support, thereby increasing the avenues for funding highly effective Interdistrict programs, and improved and enhanced Choice and Magnet School transportation services. A new after-school academic remediation program targeting underperforming Choice students who attend school in the Greater Hartford suburbs is now being offered at CREC's Coltsville facility. The goal of the program is to ensure that our Choice students develop the academic skills to perform at or above level on the CMTs and CAPT tests which they take in their receiving schools.

The Interdistrict grants program also continues to respond to racial and ethnic isolation in the Capitol Region and has 21 grants in 2007-2008 with awards totaling \$1,839,889.

Student Services Division:

River Street School, which provides services to children and adolescents with Autism and developmental disabilities, renovated a building adjacent to the school in 2006. The first full year of occupancy in the new location was 2006-07, which has enabled the program to improve the services it provides to children and districts. Specifically, the additional space has allowed for an increase in highly specialized classrooms for children with significant behavioral concerns. The Children's Therapy Specialists, located in the new building, provides occupational therapy services to children with extended hours on weekends and evenings. The new facility is also the home base for the program's outreach services. Soundbridge, a program serving children with hearing impairments, has begun a collaborative master's level program with the University of Hartford, designed to certify new teachers of the hearing impaired. Soundbridge has also received a grant for the expansion of the building, doubling its size. Plans are underway with an anticipated groundbreaking in the spring of 2008. The John J. Allison, Jr. Polaris Center has expanded its enrollment and its mental health services. The options for treatment and evaluation of students with social and emotional needs have been enhanced. Meanwhile, the Center has submitted a proposal to the State to renovate one of the residential houses to accommodate younger students in a separate academic environment adjacent to the school.

We continue to expand and develop our capacity in the area of early childhood services. Currently, Student Services manages the Parent Aide, Parent Intervention Program (PIP) and Birth to Three services. It also houses the Hartford Association for the Education of Young Children (HAEYC) which helps area day care providers with the accreditation process. The Project Choice Early Beginnings (PCEB) Kindergarten program supports 75 Hartford kindergarteners who attend school and after care programs in suburban settings. The suburban teachers receive extra support and training in literacy from the PCEB staff. The School for Young Children on Asylum Hill (SYCAH), in collaboration with Hartford's Asylum Hill Congregational Church and Saint Joseph College, has completed its first full year of service. This program is now exploring ways to expand the number of children and families it serves. Additionally, the Student Services staff is working with SYCAH in hopes of developing a professional development center for area teachers and early care providers.

Technical Assistance and Brokering Services Division (TABS):

TABS is offering the first Connecticut Advanced Alternate Route to Certification Program in Special Education. Upon successful completion, the first cohort of 12 teachers will gain this cross endorsement in the summer of 2008. A second group will begin the program in the second semester this year. There are already individuals expressing interest in the third group, scheduled to begin in June 2008.

TABS has also developed a new Master Instructional Coaches Academy in partnership with Kansas University, in which certified trainers are learning advanced skills to coach classroom teachers in various instructional and behavioral issues. There are currently 21 individuals from districts are enrolled in instructional coaching. An additional 11 are enrolled in the Master Instructional Coaches Academy.

A new Speech and Language Assistant Program (SLPA), in collaboration with SDE and Manchester Community College, is also under way. There are currently 17 students in the SLPA program taking the first course this fall; courses will continue in the spring. To date, there have been over 70 inquiries about the SLPA program since October. Registration for the spring will be scheduled in the near future.

In addition, the division will continue to provide agency-wide professional development for CREC's administrators, faculty and staff.

Community Education Division:

The Division of Community Education will continue to address the needs of adults and families in the Capitol Region through its many community-based programs. Programs include pre-vocational and literacy training, English as a Second Language classes and family development initiatives. The division's work bridges the gap between parents and schools and initiates intergenerational community projects. The Division is the sole provider for statewide professional development for Connecticut's 1,500 Adult Education teachers, as well as the coordinator of several other professional development initiatives such as the School to Career and Teaching American History projects. The work of the division will positively impact regional efforts for human resource development and serve as an economic catalyst.

Grants and Development Division:

In 2005-2006, CREC's Grants and Development Division expanded to include another grant writer to raise private funds. In 2006-2007, the Grants and Development Division recruited a cadre of consultant grant writers in the effort to apply for more grants for CREC districts and CREC programs. In 2007-2008, the Grants and Development Office will again work to raise funds to meet the objective of reducing district tuition charges for CREC schools and programs. Grant coordinators in each division will work closely with Grants and Development staff to identify areas of greatest need and assist in the preparation of grant applications to address those needs. In the fall of 2007, the CREC divisions developed a theme for the entire organization for its 2007-2008 development fund raising efforts. The theme, "Educational Workforce Excellence" is a cross-divisional effort that will not only affect CREC programs and schools, but will help CREC school districts in the effort to train, recruit and hire teachers and support staff who are highly qualified.

Institute of Teaching and Learning:

The Institute of Teaching and Learning has increased its capacity to meet the needs of our districts, as well as CREC's magnet schools, by providing multiple professional development opportunities to tailor instruction for students in diverse classrooms. Our education specialists will provide services including workshop trainings, coaching program development and on-site consultation. Specific areas include Differentiated Instruction, Curriculum Development, Response to Intervention, Classroom Walkthrough Training, Supplemental Educational Services (NCLB), Data Driven Decision Making, Making Standards Work and Effective Teaching Strategies. A new initiative is the development of a Common Assessment Consortium in the region. CREC's education specialists will be working with member districts to refine and develop common assessments.

Professional staff from the Institute of Teaching and Learning are working in partnership with the School Improvement Unit of the Connecticut State Department of Education to support identified districts in need of improvement to implement the Connecticut Accountability Initiatives. We will continue to manage the supplemental educational service program in Hartford Public Schools, where we have 2,000 students enrolled in tutoring services.

The Institute will continue to provide numerous workshops in the region with national and local speakers in areas of professional learning that are important to our districts. Some of the speakers scheduled for the 2007-2008 year are Larry Ainsworth, Cris Tovani, Ken O'Conner and Greg Tang.

Operations, Facilities and School Construction Division:

The school construction office will continue to serve the Wallingford Vocational-Agricultural School Building Committee as its “owner’s representative.” Our role is to represent the building committee’s interests in this \$28 million project. We will be actively engaged in this project for the next two years and expect to be in the construction phase by spring of next year.

In addition to providing project management services for districts during 2006-2007, we developed Operations Plans and Educational Specifications for the submission of grant applications (EDO49s) for newly proposed magnet schools. We have developed six grant applications which were submitted to the State Department of Education.

We have selected the architect for the Soundbridge addition utilizing the newly adopted bidding requirements for selection based on the “lowest, qualified, responsible bidder.” We plan to begin the design work for this project by the end of November 2007.

We continue to provide districts and municipalities with assistance to participate in CL&P-sponsored lighting upgrade programs. We are now providing this assistance to several school districts outside of the CREC region as a result of its endorsement by the CT RESC Alliance. In addition, we plan to offer a similar program that extends the same financial incentive (zero percent financing) to upgrade mechanical equipment and controls. This program will demonstrate the same benefits as our lighting initiative, reduced energy consumption and cost savings.

The division will continue to manage and maintain approximately 1,000,000 square feet of space that CREC currently occupies.

Technology Services Division:

Technology Services has developed several new areas of service delivery in response to the evolving needs of the districts. To provide school leaders and teachers with more timely and relevant information about student performance, the division has leveraged its existing knowledge of data-driven decision making into professional development and consulting services for schools. On a broader scale, the division has aligned itself with key data-management system providers — such as Microsoft, PowerSchool, ProTraxx and Tyler — to provide volume purchasing discounts, contract negotiating, custom hosting, development, implementation and management services to districts in support of these systems.

In the area of information technology, the division has expanded its consulting services beyond operational support to more strategic areas of systems planning and development. The agency has enabled districts to reduce their functional costs and operational risk by engaging CREC’s Wide Area Network department in the provision of business continuity, monitoring, security, and network administration. The Technology Services division will continue to deepen the offerings it provides to schools, including “virtual chief information officer (CIO)” services to empower districts with strategic vision in the latest IT best practices.

Business Services Division:

CREC’s Cooperative Purchasing offer to districts throughout Connecticut grew significantly in 2006-2007; total district expenditures exceeded \$8 million. The program should continue to grow during 2007-2008. The program provides volume discount opportunities based on aggregated advance bidding and awards in technology, school supplies and numerous other products.

FINANCIAL INFORMATION

The management of CREC is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of CREC are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting standards. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit:

As a recipient of federal and state financial funds, CREC is required to undergo a single audit in conformance with: a) the provisions of the Federal Single Audit Act of 1984 as amended in 1996, b) the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations* and c) the Connecticut State Single Audit Act. Information related to these single audits, including the schedule of federal and state financial assistance, the findings and recommendations and auditor's reports on the internal control structure, and our compliance with applicable laws and regulations, is issued under separate cover and is not included in this report.

As part of CREC's single audit described above, tests are conducted to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that CREC has complied with applicable laws and regulations. The results of CREC's single audit for the fiscal year ended June 30, 2007 provided no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls:

CREC maintains budgetary control at the program level. The objective of our budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget, as presented by the management of CREC and approved by the Board of Directors of CREC. The Business Services Division performs budget administration. CREC maintains a formal encumbrance system during the course of the fiscal year. Outstanding encumbrances lapse at year-end and are not recorded as budgetary expenditures. They may be re-encumbered in the new year as expenditures against the newly adopted budget.

OTHER INFORMATION

Independent Audit:

State statute requires an annual audit of the books of account, financial records and transactions of all CREC programs by independent certified public accountants appointed by the Representative Council. This requirement has been complied with, and the report of the independent accountants has been included in this report.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Capitol Region Education Council for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the fourteenth consecutive year that CREC has received this prestigious award. In order to be awarded a Certificate of Achievement, CREC must publish an easily readable and efficiently organized CAFR that satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service of the staff of the Business Services Division. We wish to express our appreciation to all members of the division who assisted with the preparation of this report.

We are grateful to the Council's independent auditors, Blum, Shapiro & Company, P.C., for their professional assistance and advice during the course of this audit. We also thank CREC's board of directors and our executive director for their interest and support in planning and conducting the financial operations of CREC in a responsible and progressive manner.

Respectfully submitted,



Donald P. Walsh
Assistant Executive Director
Finance and Operations



Jeffrey E. Ivory
Comptroller

Financial Section



Report of Independent Accountants

To the Board of Directors and Council
Capitol Region Education Council
Hartford, Connecticut

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 Capitol Region Education Council as of and for the year ended June 30, 2007, which collectively comprise the Capitol Region Education Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Capitol Region Education Council'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 of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CREC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Capitol Region Education Council, 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 our report dated November 9, 2007 on our consideration of the Capitol Region Education Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 10 and budgetary comparison information on page 39 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 Capitol Region Education Council's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

November 9, 2007

**CAPITOL REGION EDUCATION COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

This section of the Capitol Region Education Council's (CREC) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the financial performance of CREC for the fiscal year ended June 30, 2007. Readers should refer to the transmittal letter at the beginning of this report and the financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The total cost of all of CREC's programs was \$103.6 million.
- The General Fund reported a fund balance this year of \$10.8 million, up from \$9.6 million last year.
- During the year, CREC's governmental revenues of \$101 million were \$686 thousand greater than expenses for governmental activities (before transfers).
- CREC's net assets increased by \$569 thousand as result of this year's operations. While net assets of our business-type activities decreased by \$218 thousand, net assets of our governmental activities increased by \$787 thousand.
- Overall, the growth in CREC's net assets reflected increased demand for special education services, increased enrollment and a greater demand for CREC's services by school districts.

OVERVIEW OF THE FINANCIAL STATEMENTS

The CAFR is CREC's annual financial report, containing introductory material, the basic financial statements and additional statements and schedules with financial, economic and demographic information. The basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The first two statements are government-wide statements that provide both short-term and long-term information about CREC's overall financial health. The fund financial statements provide detailed information about the individual parts of CREC - its governmental, proprietary and fiduciary funds.

Government-Wide Financial Statements

The analysis of CREC as a whole is presented on Exhibits I and II. Exhibit I, the statement of net assets and Exhibit II, the statement of activities, present comprehensive financial information about all of the activities of CREC (except fiduciary activities) as a whole and provide both short-term and long-term information about CREC's finances. Accounting methods used are similar to those of private sector companies. These two statements report CREC's net assets and changes in them. CREC's net assets (the difference between assets and liabilities) is one way to measure CREC's financial health, or financial status. Over time, increases or decreases in CREC's net assets are one indicator of whether its financial health is improving or declining.

In the government-wide statements, CREC's funds are divided into two types of activities:

- *Governmental activities* - Most of CREC's basic services are reported here, including education, health and human services. CREC's major services include regional programs that provide education and related health services for children with disabilities in the least restrictive environment, magnet schools that promote integrated and quality education, and early childhood programs that provide intervention initiatives. Federal and State grants, contracts, tuition and room and board charges finance most of these activities.
- *Business-type activities* - CREC provides products and services directly to the public and other governmental agencies in exchange for fees and charges. CREC's business activities include technical assistance consulting services, technology services, training school facility services and teaching and learning professional development workshops.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the major funds – not CREC as a whole. CREC establishes categories of funds comprised of many individual funds to help control and manage financial activities for particular purposes, such as the Grants and Contracts Fund, to show that it is meeting legal responsibilities for using revenues such as grants received for education from the State Department of Education. CREC’s funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of CREC’s basic programs and services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. A fund represents a group of related accounts which are segregated for specific activities or objectives. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of CREC’s general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are greater or fewer financial resources that can be spent in the near future to finance CREC’s programs. The relationship (or differences) between the information provided in the government-wide statements, where there is a longer term view, and the information presented in the governmental funds statements is described in a reconciliation at the bottom of the governmental fund financial statements.

CREC operates 62 governmental programs. The individual programs are described and the fund accounts are detailed in the Combining and Individual Fund Statements and Schedules section.

The CREC Council adopts an annual budget for each of its governmental programs. A budgetary comparison statement has been provided for the General Fund and the Special Revenue Fund to demonstrate compliance with the adopted budget.

- *Proprietary Funds (Exhibits V, VI and VII)* - Proprietary funds are reported in the same way as the government-wide statements. CREC has two types of proprietary funds:

CREC’s 16 enterprise funds (a type of proprietary fund) provide products and services directly to other RESCs, school districts and the public in exchange for fees. CREC identifies specific product and service needs within the community and establishes the means of delivery and pricing. The enterprise funds are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows.

Internal service funds (the other type of proprietary fund) are created to provide goods or services to other CREC programs such as staff development and training, support staff services, a defined contribution plan, a self-funded health insurance plan and a self-funded unemployment compensation plan.

- *Fiduciary Funds (Exhibits VIII and IX)* - Fiduciary funds are used to account for assets CREC holds for the benefit of parties outside the government in a trustee or agency capacity. Examples of fiduciary funds are scholarship funds and student activities funds. These activities are excluded from CREC’s other financial statements because CREC cannot use these assets to finance its operations. CREC is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

CREC's combined net assets increased \$569 thousand, or 0.9%, to \$67.4 million. The increase of CREC's financial position was due to continued strong demand for CREC services, which increased its ability to: a) lower current liabilities by paying down notes payable on the Riverstreet facility and b) increased unrestricted net assets.

TABLE 1
NET ASSETS
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 22,326	\$ 22,563	\$ 736	\$ 869	\$ 23,062	\$ 23,432
Capital assets, net of accumulated depreciation	<u>56,652</u>	<u>57,847</u>	<u>13</u>	<u>17</u>	<u>56,665</u>	<u>57,864</u>
Total assets	<u>78,978</u>	<u>80,410</u>	<u>749</u>	<u>886</u>	<u>79,727</u>	<u>81,296</u>
Current liabilities	5,920	8,332	1,539	1,486	7,459	9,818
Long-term liabilities outstanding	<u>4,843</u>	<u>4,650</u>	<u>46</u>	<u>18</u>	<u>4,889</u>	<u>4,668</u>
Total liabilities	<u>10,763</u>	<u>12,982</u>	<u>1,585</u>	<u>1,504</u>	<u>12,348</u>	<u>14,486</u>
Net assets:						
Invested in capital assets, net of related debt	51,159	51,855	13	17	51,172	51,872
Restricted for:						
Trust purposes:						
Nonexpendable	17	17			17	17
Unrestricted	<u>17,039</u>	<u>15,556</u>	<u>(849)</u>	<u>(635)</u>	<u>16,190</u>	<u>14,921</u>
Total Net Assets	<u>\$ 68,215</u>	<u>\$ 67,428</u>	<u>\$ (836)</u>	<u>\$ (618)</u>	<u>\$ 67,379</u>	<u>\$ 66,810</u>

Net assets of CREC's governmental activities increased 1.2%. Even as current assets and capital assets decreased from the previous year, strong demand for services in the special education schools increased unrestricted net assets and helped to fund the decrease in current liabilities.

The financial position of the business-type activities net assets declined by \$218 thousand and was due primarily to lack of sales in technology training for teachers, curriculum development and professional development activities.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$15.6 million at June 30, 2006 to \$17 million at June 30, 2007, due to strong growth in governmental funds as enrollment in CREC's schools continued to grow.

The unrestricted net assets of business-type activities decreased by 33.5%, from a deficit of \$635 thousand to a deficit of \$848 thousand. Unrestricted net assets decreased by \$213 thousand, due primarily to loss of revenue experienced by the enterprise funds as referenced above. Start up costs for new initiatives to provide training, professional development, curriculum assessment and conference services to member school districts were adversely affected by decreases in district funding and attendance.

TABLE 2
CHANGES IN NET ASSETS
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues						
Charges for services	\$ 50,200	\$ 48,920	\$ 2,853	\$ 2,351	\$ 53,053	\$ 51,271
Operating grants and contributions	50,100	51,163	118	166	50,218	51,329
Capital grants and contributions		1,183				1,183
General revenues:						
Grants and contributions not restricted to specific purposes	359	359			359	359
Unrestricted investment earnings	539	445			539	445
Total revenues	<u>101,198</u>	<u>102,070</u>	<u>2,971</u>	<u>2,517</u>	<u>104,169</u>	<u>104,587</u>
Program expenses:						
Education	94,926	94,321			94,926	94,321
Facilities	731	420			731	420
Administration	4,639	4,577			4,639	4,577
Interest on debt	216	242			216	242
Montessori Training Center of New England			123		123	
Learning Corridor Theatre			52	73	52	73
Cooperative Purchasing			13	13	13	13
Regional Fingerprinting Services			80	62	80	62
Office of Communications			1		1	
Staff Development			3	15	3	15
BEST Services			4	1	4	1
Property Rental			1	18	1	18
CASBO Support Services			13	12	13	12
Conference Services			181	166	181	166
Technology Sale of Services			604	532	604	532
Technical Assistance and Brokering Services			439	876	439	876
Understanding By Design				41		41
Community Education			310	127	310	127
School Facility Services			273	326	273	326
School Improvement Center			991	653	991	653
Total program expenses	<u>100,512</u>	<u>99,560</u>	<u>3,088</u>	<u>2,915</u>	<u>103,600</u>	<u>102,475</u>
Increase (decrease) in net assets before extraordinary item and transfers	686	2,510	(117)	(398)	569	2,112
Extraordinary item		(2,343)				(2,343)
Transfers	101	(43)	(101)	43		
Increase in Net Assets	<u>\$ 787</u>	<u>\$ 124</u>	<u>\$ (218)</u>	<u>\$ (355)</u>	<u>\$ 569</u>	<u>\$ (231)</u>

The total cost of CREC's programs and services increased by 1.1% to \$103.6 million. The expenditures are primarily related to educating and providing services for CREC students and member districts. The administrative activities of CREC were 4.6% of total costs, compared to an equal amount of 4.6% the previous year. The most significant increases were in salaries (6.7%) and employee benefits (7.8%), an increase of \$4.7 million, largely for teachers and paraprofessionals. A significant part of the employee benefits increase was due to an 18% increase from the previous year for teacher's retirement, for which the State of Connecticut ultimately supplies the revenue.

Governmental Activities

Governmental activities revenue decreased by \$872 thousand, or 0.9%. Approximately 50% of revenues came from charges for services and approximately 50% came from operating grants and contributions. Program revenue in other governmental activities offset the loss of the Hartford School Readiness program of \$4.5 million in 2006.

- Special education services increased revenues in 2007 by providing more services while controlling expenditures.
- Increased revenues in fiscal 2007 resulted from an increase in educational services provided to districts as well as from enrollment growth in the magnet schools.
- Investment income increased from \$445 thousand in 2006 to \$537 thousand, or 21%, in 2007 due to an increase in interest rates and larger carrying balances.

Along with the increased revenues, governmental expenditures also increased by \$952 thousand, or 1%. The absence of the Hartford School Readiness program expenditures of \$4.5 million also lowered the percentage increase over the previous year for salaries and benefits expenditures.

Business-Type Activities

Revenues of CREC's business-type activities (see Table 2) increased by 18% (\$3 million in 2007 compared to \$2.5 million in 2006) and expenses increased by 6%. Expenses exceeded revenues by \$117 thousand. The losses in the business-type activities were primarily attributable to less than anticipated participation by districts in training and professional development workshops.

FUNDS FINANCIAL ANALYSIS

Governmental Funds

As CREC completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$11.6 million, which increased from last year's \$9.9 million.

The General Fund had a net change in fund balance of \$1.3 million. River Street School had revenues that exceeded expenditures by \$378 thousand, due to the increase in services for special education provided by the school. The Student Services division, which operates all the special education schools, had combined revenues exceeding expenditures of \$526 thousand. With growing enrollments, the magnet schools, in total, had an excess of revenue over expenditures of \$41 thousand. Investment income growth and indirect revenue growth were major contributors to the increased general fund net change in fund balance.

The Grants and Contracts Fund had a net decrease in fund balance of \$26 thousand. Birth To Three and Special Services Support Team had combined revenues over expenditures of \$50 thousand while Related Services and Early Childhood Services had a deficit of \$80 thousand. This accounts for most of the gains and losses in the Grants and Contracts Fund. The Debt Service Fund and Permanent Fund remained relatively unchanged.

**TABLE 3
GOVERNMENTAL FUND BALANCES
(In Thousands)**

	<u>Fund Balance June 30, 2007</u>	<u>Fund Balance July 1, 2006</u>
General fund	\$ 10,840	\$ 9,570
Grants and contracts fund	(361)	(335)
Capital projects fund	101	(399)
Debt service fund	997	998
Permanent fund	<u>17</u>	<u>17</u>
Totals	<u>\$ 11,594</u>	<u>\$ 9,851</u>

Capital Projects

The increase of \$500 thousand in fund balance for the special education schools was the most significant item in the Capital Project activity in fiscal 2007. Allocation of fund balances to capital projects is required as the buildings age and capital repairs increase.

Proprietary Funds

Proprietary fund net assets were \$3.2 million at the end of fiscal 2007, an increase of \$312 thousand, or 11%. As previously mentioned, enterprise funds experienced a deficit of \$217 thousand due to less than anticipated participation by districts in training and professional development workshops and increasing costs.

**TABLE 4
PROPRIETARY FUND NET ASSETS
(In Thousands)**

	<u>Balance June 30, 2007</u>	<u>Balance July 1, 2006</u>
Enterprise Fund	\$ (835)	\$ (618)
Internal Service Fund	<u>3,986</u>	<u>3,457</u>
Totals	<u>\$ 3,151</u>	<u>\$ 2,839</u>

Net assets for the internal service fund increased \$529 thousand, or 15%, and this is attributable to CREC's self-insurance fund, which realized net income of \$218 thousand, CREC's unemployment fund's net income of \$155 thousand and CREC's wide area network net income of \$145 thousand. These three internal service fund expenditures were less than anticipated and thus contributed to net assets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007, CREC had \$56.7 million invested in a broad range of capital assets, including land, buildings, vehicles and equipment (see Table 5). Capital assets net of depreciation decreased 1.2 million, or 2%. The additions to capital assets included technology equipment, vehicles and building improvements. Current year additions were not enough to compensate for the \$1.9 million yearly depreciation expense, which was the primary reason for the decrease in capital assets from the previous year.

TABLE 5
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 2,225	\$ 2,225	\$	\$	\$ 2,225	\$ 2,225
Buildings and improvements	52,404	49,998			52,404	49,998
Vehicles	341	237			341	237
Furniture, fixtures and equipment	1,620	2,046	13	17	1,633	2,063
Construction in progress	62	3,341			62	3,341
Totals	<u>\$ 56,652</u>	<u>\$ 57,847</u>	<u>\$ 13</u>	<u>\$ 17</u>	<u>\$ 56,665</u>	<u>\$ 57,864</u>

More detailed information about CREC’s capital assets is presented in Note 1 and Note 6 to the financial statements.

Long-Term Debt

As of June 30, 2007, CREC had \$3.1 million in bonds and notes outstanding versus \$3.5 million last year - a decrease of 11% as shown in Table 6.

TABLE 6
OUTSTANDING DEBT, AT YEAR END
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bonds payable	\$ 3,000	\$ 3,380	\$	\$	\$ 3,000	\$ 3,380
Notes payable	131	147			131	147
Totals	<u>\$ 3,131</u>	<u>\$ 3,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,131</u>	<u>\$ 3,527</u>

The decrease in debt reflects the scheduled principal payments on CREC’s outstanding bonds. No additional debt was assumed during the fiscal year. CREC maintains a “BBB” rating from Standard & Poor’s for its general obligation bonds.

Additional information on CREC’s long-term debt and obligations can be found in Note 9 to the Financial Statements.

Connecticut General Statutes (C.G.S.) Section 10-66c defines the borrowing authority for Regional Education Service Centers (RESCs). CREC was established and organized as a RESC under the provisions of C.G. S. Section 10-66a.-n. The statute does not define any limitations on the level or amount of debt which a RESC may borrow.

FACTORS AFFECTING CREC'S FUTURE

State funding for magnet schools continues to be inadequate. Each year, supplemental funds have been provided by the State Department of Education (SDE) to operate the magnet schools. New parent choice legislation will help with enrollment goals, but will not provide the stable funding formula needed to operate magnet schools. CREC is working with state legislators, SDE and magnet school stakeholders to address this issue.

The Choice program and the Interdistrict Grants funding should continue to increase through 2008 and in future years as the State continues to respond to the educational equity issues in the Capitol Region. Future funding will continue to rest with state priorities.

CREC's continued strength is most evident in the special education schools, where traditional revenue growth is expected to remain steady. The flexibility to develop and modify programs in special education and fill district's needs provides the largest growth opportunity for the agency.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of CREC's finances and to demonstrate CREC's accountability for the funds it receives to all readers of these statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Donald P. Walsh, Assistant Executive Director, Finance and Operations, CREC, 111 Charter Oak Avenue, Hartford, CT 06106.

Basic Financial Statements

CAPITOL REGION EDUCATION COUNCIL

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 11,642,472	\$ 293,054	\$ 11,935,526
Investments	80,081		80,081
Receivables	10,361,314	436,890	10,798,204
Other	241,506	6,237	247,743
Noncurrent assets:			
Capital assets not being depreciated	2,287,582		2,287,582
Capital assets, net of accumulated depreciation	54,364,803	12,778	54,377,581
Total assets	<u>78,977,758</u>	<u>748,959</u>	<u>79,726,717</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	4,647,625	200,279	4,847,904
Internal balances	(1,256,094)	1,256,094	-
Unearned revenue	1,029,021	81,910	1,110,931
Bond anticipation notes payable	1,500,000		1,500,000
Noncurrent liabilities:			
Due within one year	1,516,607	46,125	1,562,732
Due in more than one year	3,326,055		3,326,055
Total liabilities	<u>10,763,214</u>	<u>1,584,408</u>	<u>12,347,622</u>
Net Assets:			
Invested in capital assets, net of related debt	51,159,292	12,778	51,172,070
Restricted for trust purposes:			
Nonexpendable	17,000		17,000
Unrestricted	17,038,252	(848,227)	16,190,025
Total Net Assets	<u>\$ 68,214,544</u>	<u>\$ (835,449)</u>	<u>\$ 67,379,095</u>

The accompanying notes are an integral part of the financial statements

**CAPITOL REGION EDUCATION COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Education	\$ 94,926,401	\$ 50,012,894	\$ 49,796,680	\$	\$ 4,883,173	\$	\$ 4,883,173
Facilities	730,686	2,552	12,378		(715,756)		(715,756)
Administration	4,638,832	184,636	224,702		(4,229,494)		(4,229,494)
Interest expense	215,873		66,204		(149,669)		(149,669)
Total governmental activities	<u>100,511,792</u>	<u>50,200,082</u>	<u>50,099,964</u>	<u>-</u>	<u>(211,746)</u>	<u>-</u>	<u>(211,746)</u>
Business-type activities:							
Montessori Training Center of New England	122,900	153,660				30,760	30,760
Learning Corridor Theater	52,232	70,861				18,629	18,629
Cooperative Purchasing	13,207	11,262				(1,945)	(1,945)
Regional Fingerprinting Services	79,949	80,421				472	472
Office of Communications	710	5,125				4,415	4,415
Staff Development	3,008	19,998				16,990	16,990
BEST Services	3,951	5,299				1,348	1,348
Property Rental	1,351					(1,351)	(1,351)
CASBO Support Services	12,524	16,539				4,015	4,015
Conference Services	180,540	164,567				(15,973)	(15,973)
Technology Sale of Services	603,956	403,380	111,872			(88,704)	(88,704)
Technical Assistance Brokering Service	439,405	374,537				(64,868)	(64,868)
Community Education	309,919	345,519	5,840			41,440	41,440
School Facility Services	272,663	300,251				27,588	27,588
School Improvement Center	991,376	901,522				(89,854)	(89,854)
Total business-type activities	<u>3,087,691</u>	<u>2,852,941</u>	<u>117,712</u>	<u>-</u>	<u>-</u>	<u>(117,038)</u>	<u>(117,038)</u>
Total	<u>\$ 103,599,483</u>	<u>\$ 53,053,023</u>	<u>\$ 50,217,676</u>	<u>\$ -</u>	<u>(211,746)</u>	<u>(117,038)</u>	<u>(328,784)</u>
General revenues:							
Grants and contributions not restricted to specific programs					358,832		358,832
Unrestricted investment earnings					539,143		539,143
Transfers					100,579	(100,579)	-
Total general revenues and transfers					<u>998,554</u>	<u>(100,579)</u>	<u>897,975</u>
Change in net assets					786,808	(217,617)	569,191
Net Assets at Beginning of Year					<u>67,427,736</u>	<u>(617,832)</u>	<u>66,809,904</u>
Net Assets at End of Year					<u>\$ 68,214,544</u>	<u>\$ (835,449)</u>	<u>\$ 67,379,095</u>

The accompanying notes are an integral part of the financial statements

CAPITOL REGION EDUCATION COUNCIL

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2007

	<u>General Fund</u>	<u>Grants and Contracts Fund</u>	<u>River Street Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,249,157	\$ 477,912	\$ 101,949	\$ 1,205,374	\$ 7,034,392
Investments	60,021			20,060	80,081
Accounts receivable	6,482,452	2,374,971	1,424,051	4	10,281,478
Due from other funds	3,570,226				3,570,226
Other assets	<u>220,071</u>	<u>6,018</u>		<u>820</u>	<u>226,909</u>
Total Assets	<u>\$ 15,581,927</u>	<u>\$ 2,858,901</u>	<u>\$ 1,526,000</u>	<u>\$ 1,226,258</u>	<u>\$ 21,193,086</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,093,235	\$ 706,683	\$ 26,000	\$ 1,298	\$ 3,827,216
Due to other funds		2,258,572		55,560	2,314,132
Deferred revenue	1,648,825	254,446		54,117	1,957,388
Bond anticipation notes payable			<u>1,500,000</u>		<u>1,500,000</u>
Total liabilities	<u>4,742,060</u>	<u>3,219,701</u>	<u>1,526,000</u>	<u>110,975</u>	<u>9,598,736</u>
Fund Balances:					
Reserved	34,384			1,014,118	1,048,502
Unreserved, reported in:					
General Fund	10,805,483				10,805,483
Special Revenue		(360,800)		(117)	(360,917)
Capital Projects				<u>101,282</u>	<u>101,282</u>
Total fund balances	<u>10,839,867</u>	<u>(360,800)</u>	<u>-</u>	<u>1,115,283</u>	<u>11,594,350</u>
Total Liabilities and Fund Balances	<u>\$ 15,581,927</u>	<u>\$ 2,858,901</u>	<u>\$ 1,526,000</u>	<u>\$ 1,226,258</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	56,534,702
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	928,367
Internal service funds are used by management to charge the cost of risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	3,985,832
Long-term liabilities, including bonds payable, are not reported in the funds.	<u>(4,828,707)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 68,214,544</u>

The accompanying notes are an integral part of the financial statements

CAPITOL REGION EDUCATION COUNCIL

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

FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Grants and Contracts Funds	River Street Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Tuition	\$ 24,633,326	\$ 59,545	\$	\$	\$ 24,881,524
Grants in aid	32,362,534	13,790,818		188,653	46,153,352
Room and board	4,194,645				4,194,645
Sales of services	22,364,408	2,853,466			25,217,874
Investment income	505,947			30,698	536,645
Other local revenues	161,747	168,240			329,987
Total revenues	<u>84,222,607</u>	<u>16,872,069</u>	<u>-</u>	<u>219,351</u>	<u>101,314,027</u>
Expenditures:					
Current:					
Salaries	47,974,672	6,845,684			54,820,356
Employee benefits	13,481,764	1,437,636			14,919,400
Purchased professional and technical services	3,734,832	1,457,200			5,192,032
Purchased property services	6,457,106	179,754			6,636,860
Other purchased services	4,812,470	5,531,073			10,343,543
Supplies	5,049,107	357,180			5,406,287
Property	1,145,779	137,269			1,283,048
Other objects	127,324	9,850		188,770	325,944
Debt service:					
Principal				396,350	396,350
Interest and fiscal charges				223,299	223,299
Capital outlay			181,854	780,324	962,178
Total expenditures	<u>82,783,054</u>	<u>15,955,646</u>	<u>181,854</u>	<u>1,588,743</u>	<u>100,509,297</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,439,553</u>	<u>916,423</u>	<u>(181,854)</u>	<u>(1,369,392)</u>	<u>804,730</u>
Other Financing Sources (Uses):					
Transfers in	1,252,415	18,000	526,839	743,161	2,540,415
Transfers out	(1,421,798)	(959,864)			(2,381,662)
Capital lease				780,324	780,324
Total other financing sources (uses)	<u>(169,383)</u>	<u>(941,864)</u>	<u>526,839</u>	<u>1,523,485</u>	<u>939,077</u>
Net Change in Fund Balances	1,270,170	(25,441)	344,985	154,093	1,743,807
Fund Balances at Beginning of Year	<u>9,569,697</u>	<u>(335,359)</u>	<u>(344,985)</u>	<u>961,190</u>	
Fund Balances at End of Year	<u>\$ 10,839,867</u>	<u>\$ (360,800)</u>	<u>\$ -</u>	<u>\$ 1,115,283</u>	

Amounts reported for governmental activities in the statement of activities (Exhibit II) 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 as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,213,277)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.	(118,504)
The issuance of long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of the principal of the long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceed repayments.	(126,048)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(28,172)
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI).	<u>529,002</u>
Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 786,808</u>

The accompanying notes are an integral part of the financial statements

CAPITOL REGION EDUCATION COUNCIL

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2007

	Business-Type Activities			Governmental Activities
	Enterprise Funds			
	Technology Sale of Services	Nonmajor Enterprise Funds	Total	
Assets:				
Current:				
Cash and cash equivalents	\$ 1,000	\$ 292,054	\$ 293,054	\$ 4,608,080
Receivable, net	9,226	427,664	436,890	79,836
Other assets		6,237	6,237	14,597
Total current assets	10,226	725,955	736,181	4,702,513
Noncurrent assets:				
Capital assets, net of accumulated depreciation	920	11,858	12,778	117,683
Total assets	11,146	737,813	748,959	4,820,196
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	15,090	185,189	200,279	761,568
Due to other funds	627,786	628,308	1,256,094	
Deferred revenues	8,321	73,589	81,910	
Current portion of obligations under capital lease			-	18,047
Current portion of compensated absences	16,427	29,698	46,125	31,734
Total current liabilities	667,624	916,784	1,584,408	811,349
Noncurrent liabilities:				
Obligations under capital lease				23,015
Total liabilities	667,624	916,784	1,584,408	834,364
Net Assets:				
Invested in capital assets, net of related debt	920	11,858	12,778	76,621
Unrestricted	(657,398)	(190,829)	(848,227)	3,909,211
Total Net Assets	\$ (656,478)	\$ (178,971)	\$ (835,449)	\$ 3,985,832

The accompanying notes are an integral part of the financial statements

CAPITOL REGION EDUCATION COUNCIL

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

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds			
	Technology Sale of Services	Nonmajor Enterprise Funds	Total	
Operating Revenues:				
Sales of services	\$ 403,380	\$ 2,435,228	\$ 2,838,608	\$ 10,678,191
Other local revenues		14,333	14,333	1,059,353
Total operating revenues	403,380	2,449,561	2,852,941	11,737,544
Operating Expenses:				
Salaries	421,190	1,392,168	1,813,358	1,048,473
Employee benefits	90,104	253,383	343,487	9,267,505
Purchased professional and technical services	14,496	331,901	346,397	156,519
Purchased property services		4,796	4,796	50,495
Other purchased services	71,362	284,603	355,965	510,702
Supplies	4,263	206,963	211,226	29,635
Property	289	1,371	1,660	49,632
Depreciation	2,252	2,890	5,142	39,023
Other		5,660	5,660	882
Total operating expenses	603,956	2,483,735	3,087,691	11,152,866
Operating Income (Loss)	(200,576)	(34,174)	(234,750)	584,678
Nonoperating Revenues:				
Investment income				2,498
Grants in aid	111,872	5,840	117,712	
Total nonoperating revenues	111,872	5,840	117,712	2,498
Income (Loss) Before Transfers	(88,704)	(28,334)	(117,038)	587,176
Transfers In	20,000	113,798	133,798	-
Transfers Out	(102,728)	(131,649)	(234,377)	(58,174)
Change in Net Assets	(171,432)	(46,185)	(217,617)	529,002
Net Assets at Beginning of Year	(485,046)	(132,786)	(617,832)	3,456,830
Net Assets at End of Year	\$ (656,478)	\$ (178,971)	\$ (835,449)	\$ 3,985,832

The accompanying notes are an integral part of the financial statements

CAPITOL REGION EDUCATION COUNCIL

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities Enterprise Funds			Governmental Activities
	Technology Sale of Services	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 396,192	\$ 2,445,582	\$ 2,841,774	\$ 11,662,823
Receipts from interfund services provided	167,936	112,171	280,107	-
Payments to suppliers	(102,482)	(753,346)	(855,828)	(678,038)
Payments to employees	(489,790)	(1,596,618)	(2,086,408)	(10,281,938)
Payments for interfund services used		(138,455)	(138,455)	-
Net cash provided by (used in) operating activities	<u>(28,144)</u>	<u>69,334</u>	<u>41,190</u>	<u>702,847</u>
Cash Flows from Noncapital Financing Activities:				
Grants in aid	111,872	5,840	117,712	
Transfers from other funds	20,000	113,798	133,798	
Transfers out to other funds	(102,728)	(131,649)	(234,377)	(58,174)
Net cash provided by (used in) noncapital financing activities	<u>29,144</u>	<u>(12,011)</u>	<u>17,133</u>	<u>(58,174)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital lease				44,676
Principal payments on obligations under capital lease			-	(14,888)
Additions to property, plant and equipment		(1,240)	(1,240)	(57,744)
Net cash used in capital and related financing activities	<u>-</u>	<u>(1,240)</u>	<u>(1,240)</u>	<u>(27,956)</u>
Cash Flows from Investing Activities:				
Interest on investments			-	2,498
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,498</u>
Net Increase in Cash and Cash Equivalents	1,000	56,083	57,083	619,215
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>235,971</u>	<u>235,971</u>	<u>3,988,865</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,000</u>	<u>\$ 292,054</u>	<u>\$ 293,054</u>	<u>\$ 4,608,080</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (200,576)	\$ (34,174)	\$ (234,750)	\$ 584,678
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,252	2,890	5,142	39,023
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	98,056	92,195	190,251	(72,221)
(Increase) decrease in other assets		(186)	(186)	4,850
Increase (decrease) in accounts payable and accrued liabilities	(2,621)	114,770	112,149	148,026
Increase (decrease) in compensated absences	12,053	16,297	28,350	991
Increase (decrease) in due to other funds	167,936	(26,284)	141,652	-
Increase (decrease) in deferred revenues	(105,244)	(96,174)	(201,418)	(2,500)
Total adjustments	<u>172,432</u>	<u>103,508</u>	<u>275,940</u>	<u>118,169</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (28,144)</u>	<u>\$ 69,334</u>	<u>\$ 41,190</u>	<u>\$ 702,847</u>

The accompanying notes are an integral part of the financial statements

CAPITOL REGION EDUCATION COUNCIL
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2007

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>561,746</u>
Total Assets	\$ <u><u>561,746</u></u>
Liabilities:	
Accounts payable	\$ 8,682
Fiduciary deposits	<u>553,064</u>
Total Liabilities	\$ <u><u>561,746</u></u>

The accompanying notes are an integral part of the financial statements

CAPITOL REGION EDUCATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Capitol Region Education Council (CREC) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of CREC are described below.

A. Reporting Entity

The Capitol Region Education Council, a Regional Educational Service Center, was organized in 1966 under the provisions of the Connecticut General Statutes, Section 10-66a, as amended. CREC operates under a representative Council (one Council person from each member town) with a Board of Directors and an appointed Executive Director and provides the following services as authorized by statute: as a center for towns or regional boards of education to establish cooperative arrangements to provide special services, programs or activities to enable such boards to carry out the duties specified in the General Statutes.

Blended Component Unit - Capitol Region Education Council Foundation, Inc. (the Corporation) serves CREC and its members by providing financial and other support and it is governed by a Board of Directors comprised in majority by CREC's board of directors. The Corporation is reported as a special revenue fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of CREC. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tuition, room and board and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

General Fund - the primary operating fund of CREC. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. Programs included in Special Revenue Funds are programs funded by federal and state grants and programs operated under contract.

Debt Service Funds - used to account for financial resources used for the servicing of general long-term debt.

Capital Project Funds - used to account for financial resources to be used for the acquisition and/or construction of major capital facilities.

Permanent Funds - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support CREC's programs.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are CREC's proprietary funds:

Enterprise Funds - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - account for the financing of goods or services provided by one department to other departments or agencies of CREC on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by CREC in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Agency Funds - are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. CREC considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Interest associated with the current fiscal period is all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by CREC.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CREC reports the following major governmental funds:

The *General Fund* is CREC's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Grants and Contracts Fund* is used to account for the proceeds of various education programs.

The *River Street Building* is used to account for acquisition and renovation of 627 River Street Building.

CREC reports the following major proprietary fund:

The *Technology Sale of Services Fund* is used to account for the operations of the Technology Center which provides training on current business and education software of CREC staff and CREC districts.

Additionally, CREC reports the following fund types:

The *Enterprise Funds* are used to account for the operations that are financed through user charges. The nonmajor Enterprise Funds include: Montessori Training Center of New England, Learning Corridor Theater, Cooperative Purchasing, Regional Fingerprinting Services, Office of Communications, Staff Development, BEST Services, Property Rental, CASBO Support Services, Conference Services, Technical Assistance Brokering Service, Understanding by Design, Community Education, School Facility Services and School Improvement Center.

The *Internal Service Funds* are used to account for operations that are financed on a cost reimbursement basis to programs within CREC's financial reporting entity. The Internal Service Funds include CREC Staff Development, CREC Wide Area Network, Copy Center, Self Insurance, CREC Unemployment and Employee Benefit Fund.

CAPITOL REGION EDUCATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The *Agency Funds* are used to account for assets held by CREC in an agent capacity for individuals, private organizations or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds include: RSS Equipment Escrow, River Street/Coltsville, Greater Hartford Academy of the Arts, Metropolitan Learning Center, Special Education Escrow, River Street School, Great Path Academy, Statewide RESCS Escrow, GHAMAS Escrow, Integrated Program Model, East Hartford/Glastonbury Magnet School Escrow, RESC Alliance Minority Recruiting, CREC Charter Oak Escrow, Polaris Student Activity, Choice Escrow, Two Rivers Escrow and Montessori Magnet School.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. CREC has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is CREC's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

CREC's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize CREC to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 4.

Investments are stated at fair value.

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of CREC is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvements	39
Land	Nondepreciable
Vehicles	7
Office equipment	7
Computer equipment	5
Machinery and equipment	7

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

H. Compensated Absences

Vacation benefits accumulate throughout the employment of an individual up to varying maximums. Earned vacation time accumulated by employees must be used in the subsequent year or it is forfeited. Employees in programs do not receive vacation pay for time not taken prior to the close of the program.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved fund balance serves as a measure of current available financial resources.

K. Equity

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$4,828,707 difference are as follows:

Bonds payable	\$ 3,000,000
Accrued interest payable	58,841
Notes payable	130,800
Capital leases payable	952,031
Compensated absences	<u>687,035</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	 <u>\$ 4,828,707</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$1,213,277 difference are as follows:

Capital outlay	\$ (677,036)
Depreciation expense	<u>1,890,313</u>
Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	 <u>\$ 1,213,277</u>

CAPITOL REGION EDUCATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

3. Program directors may modify budgets between line items within a program; however, any revisions that increase the total budgeted expenditures of any program must be approved by the Board of Directors and Council. The level of control at which expenditures may not legally exceed appropriations is the program level (i.e., Executive Director, Deputy Executive Director for the General Fund and Interdistrict Grants and Project Pact for the Special Revenue Funds).

The budgets are prepared on a modified accrual basis of accounting. On a budgetary basis, operating transfers in and out are classified as revenues and expenditures, respectively. All appropriations lapse at the end of the budget year. CREC has a formal purchase order system. CREC uses encumbrance accounting during the course of the year but cancels all unliquidated encumbrances prior to closing books.

Budgeted amounts are as originally adopted or as amended by the Board of Directors and Council. Supplemental appropriations were necessary during the year as new grants were received and new programs added.

The accompanying Statement of Revenues and Expenditures - General Fund and Major Special Revenue Fund - Budget and Actual (Non-GAAP Budgetary Basis) presents comparisons of the legally adopted budget with actual data on a budgetary basis. Also, CREC does not recognize the contribution by the State of Connecticut for teachers' retirement (as discussed in Note 15) for budgetary purposes. Since not all programs included in the General Fund financial statements are budgeted, a reconciliation of the resultant accounting basis entity differences in excess of revenues and other sources over expenditures and other uses for the General Fund for the year ended June 30, 2007 are presented below.

	<u>General Fund GAAP Basis</u>	<u>Interprogram Elimination</u>	<u>Non Budgeted General Fund Programs</u>	<u>General Fund Non-GAAP Budgetary Basis</u>
General Fund:				
Revenues and other financing sources	\$ 85,475,022	\$ 10,916,857	\$ (9,688,732)	\$ 86,703,147
Expenditures and other financing uses	<u>84,204,852</u>	<u>10,916,857</u>	<u>(8,914,580)</u>	<u>86,207,129</u>
Net Change in Fund Balance	<u>\$ 1,270,170</u>	<u>\$ -</u>	<u>\$ (774,152)</u>	<u>\$ 496,018</u>

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

B. Deficit Fund Equity

Fund balance and net asset deficits existed as of June 30, 2007 in the following funds/programs:

General Fund Programs:

Grants and Development Office	\$ 202,223
Technology Services	15,975
Administrative Building Cost Center	109,674
Connecticut Academy of Educational Leaders	261
Project Literacy	82,219
Montessori Magnet School	376,228
GHA of Math and Science Magnet School	631,314
Polaris Center	653,975
Magnet School Cost Center	191,062
Greater Hartford Academy of the Arts	61,885

Special Revenue Fund:

Grants and Contracts Fund:

Special Services Support Team Program	32,149
Capitol Region Choice Program	506,285
Suburban Youth Programs	491
Entitlement Grants	219
Preschool Intervention Program	62,753
Employment Training Program	159,826
Early Education Programs	37,613
CREC Foundation, Inc.	117

Capital Projects Funds:

East Hartford/Glastonbury Magnet Construction	53,457
Polaris Center Renovation	337

Technology Sale of Services 656,478

Enterprise Funds:

Learning Corridor Theater	45,535
Regional Fingerprinting Services	9,240
Conference Services	22,839
Understanding By Design	94,355
Community Education	19,316
School Improvement Center	334,950

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The Connecticut General Statutes (Section 7-400) permit CREC to invest in: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific funds with particular investment authority.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:		
Certificates of deposit	\$	80,081
Petty cash		1,291
Cash equivalents:		
State Tax Exempt Proceeds Fund (TEPF)		63,121
Money market		11,541,380
U.S. Treasury bills		891,480
Less certificates of deposit classified as investments		<u>(80,081)</u>
Total Cash and Cash Equivalents	\$	<u>12,497,272</u>

Deposits

At June 30, 2007, the carrying amount of CREC's deposits was \$80,081, and the bank balance was \$3,495,835.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, CREC's deposits may not be returned to it. CREC does not have a deposit policy for custodial credit risk. Of the June 30, 2007 bank balance, \$380,022 was covered by federal depository insurance.

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$341,581, based on June 30, 2007 deposits, was collateralized (collateral held by the pledging bank's trust department is not in CREC's name). The balance of deposits of \$2,774,232 was uninsured and uncollateralized.

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007, CREC's cash equivalents amounted to \$12,495,981. The following table provides a summary of CREC's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard and Poor's	Moody's
State Tax Exempt Proceeds Fund (TEPF)*		
Columbia Treasury Reserves Fund	AAAm	Aaa
Treasury Obligations Fund	AAAm	Aaa

*Fund not rated

B. Investments

Investments as of June 30, 2007 in all funds are as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Interest Bearing Investments:		
Certificates of deposit*	\$ 80,081	0.30

*Subject to coverage by federal depository insurance and collateralization as described under "Deposits" above.

5. RECEIVABLES

Receivables as of year end for CREC's individual major funds and nonmajor, internal service, business-type activities, and fiduciary funds in the aggregate:

	General	Grants and Contracts Funds	River Street Building	Nonmajor Funds	Internal Service Funds	Technology Sales of Services	Nonmajor Enterprise Funds	Total
Receivables:								
Accounts	\$ 5,542,189	\$ 2,374,971		\$ 4	\$ 79,836	\$ 9,226	\$ 427,664	\$ 8,433,890
Intergovernmental	940,263		1,424,051					2,364,314
Total receivables	\$ 6,482,452	\$ 2,374,971	\$ 1,424,051	\$ 4	\$ 79,836	\$ 9,226	\$ 427,664	\$ 10,798,204

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
School Building Grant	\$ 928,367	\$
Grant drawdowns prior to meeting all eligibility requirements		71,220
Miscellaneous advance collections		957,801
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 928,367	 \$ 1,029,021

6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,224,925	\$	\$	\$ 2,224,925
Construction in progress	3,341,079		(3,278,422)	62,657
Total capital assets not being depreciated	5,566,004	-	(3,278,422)	2,287,582
Capital assets being depreciated:				
Buildings and improvements	63,806,061	3,546,779		67,352,840
Vehicles	924,154	165,876	(13,856)	1,076,174
Furniture, fixtures and equipment	6,751,506	300,547	(975,395)	6,076,658
Total capital assets being depreciated	71,481,721	4,013,202	(989,251)	74,505,672
Less accumulated depreciation for:				
Buildings and improvements	(13,808,629)	(1,140,541)		(14,949,170)
Vehicles	(686,691)	(62,380)	13,856	(735,215)
Furniture, fixtures and equipment	(4,705,464)	(726,415)	975,395	(4,456,484)
Total accumulated depreciation	(19,200,784)	(1,929,336)	989,251	(20,140,869)
Total capital assets being depreciated, net	52,280,937	2,083,866	-	54,364,803
Governmental Activities Capital Assets, Net	\$ 57,846,941	\$ 2,083,866	\$ (3,278,422)	\$ 56,652,385

CAPITOL REGION EDUCATION COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Furniture, fixtures and equipment	\$ 430,012	\$ 1,240	\$ (285,919)	\$ 145,333
Less accumulated depreciation	<u>(413,332)</u>	<u>(5,142)</u>	<u>285,919</u>	<u>(132,555)</u>
Business-Type Activities Capital Asset, Net	\$ <u>16,680</u>	\$ <u>(3,902)</u>	\$ <u>-</u>	\$ <u>12,778</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
Education	\$ 1,854,172
Facilities	44,583
Administration	<u>30,581</u>
Total Depreciation Expense - Governmental Activities	\$ <u>1,929,336</u>
Business-type activities:	
Technology Sale of Services	\$ 2,252
Learning Corridor Theater	647
Property Rental	1,351
Community Education	830
School Facility Services	<u>62</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>5,142</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans generally are a result of negative equity in pooled cash. The composition of interfund balances as of June 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants and Contracts Fund	\$ 2,258,572
	Nonmajor Governmental Funds	55,560
	Technology Sale of Services	627,786
	Nonmajor Enterprise Funds	<u>628,308</u>
Total		\$ <u>3,570,226</u>

All balances are expected to be repaid within a year.

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Interfund transfers are used to 1) to move revenues from the fund with collection authorization to the debt service funds as debt service principal and interest payments become due, 2) to supplement revenues of other funds. The transfers that occurred during the year are as follows:

	<u>General Fund</u>	<u>Grants and Contracts Fund</u>	<u>River Street Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Technology Sale of Services</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Transfers out:							
General Fund	\$	\$ 18,000	\$ 526,839	\$ 743,161	\$ 20,000	\$ 113,798	\$ 1,421,798
Grants and Contracts Fund	959,864						959,864
Internal Service Funds	58,174						58,174
Technology Sale of Services	102,728						102,728
Nonmajor Enterprise Funds	131,649						131,649
Total Transfers Out	<u>\$ 1,252,415</u>	<u>\$ 18,000</u>	<u>\$ 526,839</u>	<u>\$ 743,161</u>	<u>\$ 20,000</u>	<u>\$ 113,798</u>	<u>\$ 2,674,213</u>

8. LEASES

Operating Leases

CREC conducts a major portion of its operations from leased facilities which include several schools or portions of schools, other educational facilities and office space. In addition, CREC leases copiers for use in various schools. The leases are classified as operating leases, which do not give rise to property rights or lease obligations. In most cases, management expects leases will be renewed or replaced by other leases in the normal course of business.

Rental expense for all operating leases, including facility leases with terms of one year or less, for the year ended June 30, 2007 was \$1,009,736.

Capital Leases

CREC leases computer equipment and building improvements under capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 504,696
Building and improvement	228,545
Total assets	<u>733,241</u>
Less accumulated depreciation for:	
Equipment	(139,238)
Building and improvement	(12,955)
Total accumulated depreciation	<u>(152,193)</u>
Total	<u>\$ 581,048</u>

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

The future minimum lease obligations and the net present value of these payments as of June 30, 2007 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2008	\$ 436,350
2009	369,204
2010	184,999
2011	48,985
2012	<u>16,781</u>
Total minimum lease payments	1,056,319
Less amount representing interest	<u>63,226</u>
Present Value of Minimum Lease Payments	<u>\$ 993,093</u>

9. LONG-TERM DEBT

General Obligation Bonds

Bonds represent a 20-year bond with a variable interest rate ranging from 4.5% to 6.75% due October 15, 2015. The Bond is secured by the general revenue-raising powers of CREC, and payment will be provided by General Fund and Debt Service Fund revenues.

Annual debt service requirements to maturity for the general obligation bond is as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 380,000	\$ 189,010
2009	380,000	163,550
2010	380,000	138,090
2011	380,000	112,630
2012	380,000	87,075
2013-2016	<u>1,100,000</u>	<u>148,500</u>
Total	<u>\$ 3,000,000</u>	<u>\$ 838,855</u>

Notes payable represent a 20-year mortgage payable due in annual installments of \$16,350 plus interest at 6% due in monthly installments through April 12, 2015.

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

Annual debt service requirements to maturity for notes payable are as follows:

	Governmental Activities	
	Principal	Interest
2008	\$ 16,350	\$ 7,848
2009	16,350	6,867
2010	16,350	5,886
2011	16,350	4,905
2012	16,350	3,924
2013-2015	49,050	5,886
 Total	\$ 130,800	\$ 35,316

In addition, CREC has a credit line agreement which provides for borrowings up to \$5,000,000 as a revolving line of credit, with interest charged at the London Interbank Offering Rate. There was no balance due at June 30, 2007. The agreement contains various financial covenants.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 3,380,000	\$	\$ 380,000	\$ 3,000,000	\$ 380,000
Notes payable	147,150		16,350	130,800	16,350
Capital leases	440,907	825,000	272,814	993,093	401,488
Compensated absences	682,180	718,769	682,180	718,769	718,769
 Total Governmental Activities					
Long-Term Liabilities	\$ 4,650,237	\$ 1,543,769	\$ 1,351,344	\$ 4,842,662	\$ 1,516,607

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Business-Type Activities:					
Compensated absences	\$ 17,775	\$ 46,125	\$ 17,775	\$ 46,125	\$ 46,125

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Bond Anticipation Notes Payable

Bond anticipation notes payable activity for the year ended June 30, 2007 was as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond anticipation notes	11/15/05	08/15/06	4.143	\$ 3,500,000	\$	\$ 3,500,000	\$
Bond anticipation notes	02/15/07	11/14/07	4.500	_____	1,500,000	_____	1,500,000
Total				\$ 3,500,000	\$ 1,500,000	\$ 3,500,000	\$ 1,500,000

The notes have been issued to finance the renovation of River Street School Building.

10. RISK MANAGEMENT

CREC self-insures its employee health coverage. The plan is administered by an insurance company that processes and pays all claims, which are limited by stop-loss agreements, from the plan bank account. CREC maintains a balance in the account sufficient to fund the maximum allowable withdrawal by the insurance company. Claims are accrued at June 30, 2007 based on claims received subsequent to year-end within the allowable claim period. Claims of \$567,508 are reflected in the accrued expenses of the Internal Service Fund at June 30, 2007. All claims are reflected in the Statement of Net Assets as current liabilities.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2005-06	\$ 364,590	\$ 6,377,940	\$ 6,206,000	\$ 536,530
2006-07	536,530	6,966,873	6,935,895	567,508

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

As of January 1, 1995, CREC self-insures its contributions to the State's unemployment fund. CREC maintains a balance in an account sufficient to fund expected unemployment claims. Claims paid through June 30, 2007 were \$94,617. There was \$8,566 accrued as a liability at June 30, 2007 for expected claims.

CREC purchases commercial insurance for other risks. There has been no reduction in insurance coverage and there have been no settlements that exceeded insurance coverage in the past three fiscal years.

11. FUND BALANCE RESERVED

Fund balance reserved consists of the following:

Reserved for programmatic programs:	
General Fund	\$ 34,384
Reserved for purposes of trust:	
Narkin Scholarship - Permanent Fund	17,000
Reserved for debt service:	
Bond Issue Cost Center - Nonmajor Fund	<u>997,118</u>
Total	<u>\$ 1,048,502</u>

12. FUND BALANCE DESIGNATED

A portion of unreserved fund balance of the General Fund is designated for specific purposes. Unreserved Designated Fund Balance consists of the following:

Designated for future obligations	\$ 2,300,000
Designated for debt obligations	800,000
Designated for capital improvements	50,000
Designated for legal	50,000
Designated for venture capital	75,000
Designated for payroll	<u>1,000,000</u>
Total	<u>\$ 4,275,000</u>

13. CONTINGENT LIABILITIES

There are various suits and claims pending against CREC, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect CREC's financial position.

CAPITOL REGION EDUCATION COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

CREC has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be material.

14. OTHER POSTEMPLOYMENT BENEFITS

The Capitol Region Education Council sponsors the CREC Savings and Retirement Plan, a 403(b) defined contribution pension plan established July 1, 1997 to provide benefits at retirement to all noncertified employees of CREC.

Plan members may elect to contribute up to the IRS maximum. CREC matches eligible member contributions up to 5% of covered salary. At June 30, 2007, there were 544 plan members. Diversified Investment Advisors administer the retirement plan. Plan provisions and contribution requirements are established and may be amended by the CREC Board.

Employer and plan member contributions are recognized in the period contributions are due. Employer and employee contributions for the year ended June 30, 2007 were \$536,027 and \$2,084,048, respectively.

Plan investments are participant directed. CREC has no fiduciary responsibility for the plan assets.

15. EMPLOYEE RETIREMENT PLAN

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after ten years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. CREC does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service teachers were fully vested in their own contributions. After ten years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183 b (7). The State's contribution to the plan on behalf of CREC for the fiscal year ended June 30, 2007 was \$3,197,703 and is recognized in the governmental funds GAAP-basis statement of revenues, expenditures and changes in fund balances. For the year ended June 30, 2007, teachers of CREC contributed \$1,841,406 to the plan, and covered payroll for the year was \$25,398,703.

Effective July 1, 1989, 1% of the mandatory 7.25% contribution is placed into a fund from which retirees' health insurance premiums will be paid. This 1% contribution is no longer credited to the member's individual account and does not vest.

**Required Supplementary
Information**

CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2007

	General Fund				Grants and Contracts Fund			
	Budget Amounts		Actual	Variance Positive (Negative)	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Tuition	\$ 19,507,935	\$ 23,938,018	\$ 24,633,326	\$ 695,308	\$ 37,348	\$ 37,348	\$ 59,545	\$ 22,197
Grants in aid	29,942,459	28,870,703	28,396,589	(474,114)	14,061,916	15,711,722	13,790,818	(1,920,904)
Room and board	3,764,567	3,764,567	4,194,645	430,078				-
Sales of services	23,716,436	24,133,993	22,364,408	(1,769,585)	2,850,295	3,066,860	2,853,466	(3,066,860)
Investment income			2,162	2,162				-
Other local revenues	82,850	120,080	161,747	41,667			168,240	168,240
Transfers in	6,697,394	6,697,396	6,950,270	252,874		72,016	18,000	(54,016)
Total revenues	83,711,641	87,524,757	86,703,147	(821,610)	16,949,559	18,887,946	16,890,069	(4,851,343)
Expenditures:								
Current:								
Special programs	77,352,569	81,150,683	80,124,726	1,025,957	16,949,559	18,887,946	16,915,510	1,972,436
Facilities	915,948	915,950	867,868	48,082				-
Administration	5,443,124	5,458,124	5,214,535	243,589				-
Total expenditures	83,711,641	87,524,757	86,207,129	1,317,628	16,949,559	18,887,946	16,915,510	1,972,436
Excess of Revenues over Expenditures	\$ -	\$ -	496,018	\$ 496,018	\$ -	\$ -	(25,441)	\$ (2,878,907)
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance because:								
Revenues and expenditures for CREC General Program are not budgeted			774,152					
Total			\$ 1,270,170				\$ (25,441)	

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

ADMINISTRATION PROGRAMS

CREC GENERAL - This program is used to account for administrative revenues and Council designated special purpose funds.

EXECUTIVE DIRECTOR - The office of the Executive Director supports the entire operation at the Capitol Region Education Council and the overall administration of the Council.

DEPUTY EXECUTIVE DIRECTOR - The office of the Deputy Executive Director is responsible for the supervision and continued development of CREC Divisions of Choice, Teaching and Learning, Technical Assistance and Brokering Services, Community Education and Technology Services.

BUSINESS SERVICES - Business Services, which includes the office of the Assistant Executive Director, Finance and Operations and the Comptroller, manages the receipt, accounting, investment and expenditure of monetary resources and the acquisition, inventory and disposition of physical resources and facilities of CREC. Accounting services, accounts payable, payroll services, accounts receivable, grants and budget management and loss prevention all operate under the direction of Business Services.

HUMAN RESOURCES - Human Resources provides all personnel services to employees and programs, including hiring, benefit and salary administration, record keeping, and policy and procedure administration. CREC's Human Resources division also provides hiring and interviewing training to CREC LEAs, with particular emphasis on the Americans with Disabilities Act and Sexual Harassment Awareness.

COMMUNICATIONS SERVICES - The Office of Communications endeavors to present a clear picture of CREC's activities and accomplishments for all constituencies. The office is responsible for producing CREC's Annual Report, as well as a host of other information and marketing materials, and is responsible for media relations.

STUDENT SERVICES - Student Services offers school districts special and alternative education services and develops new programs and services in these program areas.

TEACHING AND LEARNING SERVICES - Teaching and Learning Services provides services and support to local school districts and CREC schools in the areas of curriculum, instruction and school leadership.

GRANTS AND DEVELOPMENT OFFICE - Grants and Development identifies funding sources from grants, contracts, foundations and benefactors and provides leadership and technical assistance in the preparation of the proposals.

TECHNOLOGY SERVICES - The Technology Services Division focuses on the delivery of coordinated technology services to CREC member districts and CREC programs. This division forms partnerships with business and industry to offer school districts a variety of technology options, including training and purchase of software, hardware, connectivity and internet services.

TECHNICAL ASSISTANCE BROKERING SERVICES - Technical Assistance and Brokering Services facilitates resource sharing among districts. Examples include shared computer technicians, technology specialists, and special education and related services consultants.

FACILITIES

ADMINISTRATIVE BUILDING COST CENTER - The costs of operating the CREC's central administrative building are met by rent paid on a proportionate basis by each of the programs using space at the facility.

SPECIAL PROGRAMS

CONNECTICUT ACADEMY FOR EDUCATIONAL LEADERS - The Connecticut Academy for Educational Leaders provides statewide professional development opportunities to central office administrators and to support research on topics of importance to public school leaders.

INTERDISTRICT GRANT OFFICE - The Interdistrict Grant Office was established to direct, coordinate and develop interdistrict programs.

MINORITY TEACHER RECRUITING - The CREC Minority Teacher Recruiting Program assists local school districts in increasing the diversity of their teacher/administrator staffs.

COLTSVILLE FACILITY - CREC currently operates a 50,000 square foot facility located at 34 Sequassen Avenue in Hartford. This program includes all the rent, utilities and property services at this facility.

PROJECT LITERACY - Project Literacy is a comprehensive approach to the reduction of reading failure in young children. It includes three major components: Reading Recovery® training for teachers and teacher leaders, Supportive Environment Development and Paraprofessional training.

ALLIED HEALTH CAREER COLLABORATIVE - CREC serves as a fiscal agent for a collaborative program sponsored by the Towns of Hartford, Newington, Glastonbury and Farmington. The purpose of the program is to introduce students to opportunities available to them through a career in health.

LEARNING CORRIDOR COST CENTER - Services provided at the Learning Corridor campus are centralized, and costs are charged back to the three CREC magnets and to the Hartford Magnet Middle School. These services represent facility and operation costs for the campus.

MONTESSORI MAGNET SCHOOL - CREC manages and operates the Montessori Magnet School at the Learning Corridor in Hartford, CT. As Connecticut's first interdistrict Montessori public magnet school, its mission is to provide a unique educational opportunity for children in a diverse learning environment.

EAST HARTFORD/GLASTONBURY MAGNET SCHOOL - The East Hartford/Glastonbury Magnet School meets CREC objectives and State goals by providing a model quality and integrated educational program that draws its students voluntarily from two diverse districts. The school emphasizes science, computer and global education.

GREATER HARTFORD ACADEMY OF MATHEMATICS AND SCIENCE MAGNET SCHOOL - CREC manages and operates the Greater Hartford Academy of Mathematics and Science. The program is located at the Learning Corridor in Hartford, Connecticut. The mission of the Academy is to provide, through state-of-the-art technology, educational experiences that expand the teaching and learning of science, mathematics and technology in the classroom.

METROPOLITAN LEARNING CENTER MAGNET SCHOOL - The Metropolitan Learning Center Magnet School (MLC) is a global studies magnet school located in Bloomfield, CT. The school features a unique curriculum, an extended school day and extensive use of technology. The school serves close to 700 sixth through twelfth graders.

TWO RIVERS MAGNET MIDDLE SCHOOL - The Two Rivers Magnet Middle School is a science and technology magnet for 600 sixth, seventh and eighth grade students. The school serves five diverse communities in the region and is located in East Hartford at the convergence of the Connecticut and Hockanum rivers.

HARTFORD MAGNET MIDDLE SCHOOL - Located on the Learning Corridor campus, the Hartford Magnet Middle School (HMMS) serves 600 sixth through eighth grade students. Approximately 200 students come from suburban districts. The school's curriculum focuses on science, math and the arts.

UNIVERSITY OF HARTFORD MAGNET SCHOOL - University of Hartford Magnet School (UHMS) opened in September 2001. The school serves approximately 400 students. The curriculum focus for UHMS is the infusion of Dr. Howard Gardner's Theory of Multiple Intelligences into a PreK - fifth grade school environment.

SOUNDBRIDGE - Soundbridge is a highly specialized auditory and oral program for hearing impaired children from birth to 21. The program serves children in 90 Connecticut towns, with more than two-thirds of the children served in their home districts. The program also operates an Early Childhood Learning Center for typical and hearing impaired three-to-five year olds.

RIVER STREET SCHOOL - River Street School offers highly specialized educational programming for students who require a very predictable, structured environment. LEAs are often hard-pressed to provide the necessary resources at the local level, and most are unable to provide this type of program over the summer. River Street serves autistic, developmentally delayed, learning disabled, pervasive developmentally delayed and behaviorally disordered students. The school also operates two residential facilities, both licensed by the State Department of Mental Retardation. The facilities provide residential services for twelve students attending the River Street School.

POLARIS CENTER - The Polaris Center serves residential and day students with severe emotional and behavior problems through comprehensive treatment services and special education at middle school and high school levels. Services include individual, group, and family therapy, adventure-based experiences and a full range of therapeutic activities.

MAGNET SCHOOL COST CENTER - This program provides for the centralized office services for curriculum and instruction, fiscal, pupil services and facilities operations for the CREC Magnet Schools. The costs are charged back to the magnet schools.

INTEGRATED PROGRAM MODELS - The Integrated Program Models program provides a transdisciplinary approach of special education services to students with physical, cognitive and/or behavioral disabilities. The classrooms are located in public school settings where students can interact with their typical peers.

FARMINGTON VALLEY DIAGNOSTIC CENTER - The Farmington Valley Diagnostic Center provides specialized diagnostic and education services for children who are having difficulties in achieving success in their local school district. CREC is working in collaboration with local school districts in the Farmington Valley area to design effective strategies to increase student learning.

GREATER HARTFORD ACADEMY OF THE ARTS - The Greater Hartford Academy of the Arts teaches students vocal and instrumental music, theater, dance and creative writing. In addition to the beneficial arts experience, the human understanding that develops among students relating to cultural similarities is a major outcome of the program. In the coming year, a relationship between the Academy and area universities will be developed to explore college credit and tuition abatement for Academy students.

CENTER FOR CREATIVE YOUTH - The Center for Creative Youth (CCY), located at Wesleyan University in Middletown, Connecticut, is an intensive, pre-college summer residential arts program that achieves quality and integrated education and a comprehensive multicultural curriculum. CCY is a national model program that has served thousands of students since 1977.

GREAT PATH ACADEMY - Great Path Academy at Manchester Community College is a grade 11 and 12 high school that provides a learning environment supporting students from diverse backgrounds in developing academic and life skills values with a blend of both high school and college experiences. Currently the school serves approximately 84 students from eight local school districts, Bolton, Coventry, East Hartford, Ellington, Glastonbury, Hartford, Manchester and Tolland.

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND
BALANCE SHEET - BY PROGRAM
JUNE 30, 2007**

Administration

	<u>CREC General</u>	<u>Executive Director</u>	<u>Deputy Executive Director</u>	<u>Business Services</u>	<u>Human Resources</u>	<u>Communications Services</u>	<u>Student Services</u>	<u>Teaching and Learning Services</u>
ASSETS								
Cash and cash equivalents	\$ 1,704,788	\$ 2,811	\$ 5,791	\$ 358,457	\$ 23,497	\$ 8,187	\$ 9,669	\$ 9,997
Investments								
Accounts receivable	940,263	5,813		1,775				
Due from other funds	4,759,739							
Other assets				1,500	299			
Total Assets	<u>\$ 7,404,790</u>	<u>\$ 8,624</u>	<u>\$ 5,791</u>	<u>\$ 361,732</u>	<u>\$ 23,796</u>	<u>\$ 8,187</u>	<u>\$ 9,669</u>	<u>\$ 9,997</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 968,250	\$ 4,845	\$ 5,462	\$ 349,825	\$ 12,318	\$ 5,978	\$ 5,678	\$ 1,750
Due to other funds								
Deferred revenues	928,367	1,353						
Total liabilities	<u>1,896,617</u>	<u>6,198</u>	<u>5,462</u>	<u>349,825</u>	<u>12,318</u>	<u>5,978</u>	<u>5,678</u>	<u>1,750</u>
Fund Balances:								
Reserved for programmatic purposes	34,384							
Unreserved:								
Designated for future obligations	2,300,000							
Designated for debt obligations	800,000							
Designated for capital improvements	50,000							
Designated for legal	50,000							
Designated for venture capital	75,000							
Designated for payroll	1,000,000							
Undesignated	1,198,789	2,426	329	11,907	11,478	2,209	3,991	8,247
Total fund balances	<u>5,508,173</u>	<u>2,426</u>	<u>329</u>	<u>11,907</u>	<u>11,478</u>	<u>2,209</u>	<u>3,991</u>	<u>8,247</u>
Total Liabilities and Fund Balances	<u>\$ 7,404,790</u>	<u>\$ 8,624</u>	<u>\$ 5,791</u>	<u>\$ 361,732</u>	<u>\$ 23,796</u>	<u>\$ 8,187</u>	<u>\$ 9,669</u>	<u>\$ 9,997</u>

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**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND
BALANCE SHEET - BY PROGRAM (CONTINUED)
JUNE 30, 2007**

	Administration			Facilities	Special Programs			
	Grants and Development Office	Technology Services	Technical Assistance Brokering Services	Administrative Building Cost Center	Connecticut Academy for Educ. Leaders	Interdistrict Grant Office	Minority Teacher Recruiting	
ASSETS								
Cash and cash equivalents	\$	\$	\$ 17,185	\$ 2,140,382	\$ 12,378	\$	\$ 23,971	\$
Investments								
Accounts receivable	32,875			980,726	550			2,970
Due from other funds				4,759,739				
Other assets			80	1,879	120			298
Total Assets	\$ 32,875	\$ -	\$ 17,265	\$ 7,882,726	\$ 13,048	\$ -	\$ 23,971	\$ 3,268
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 6,847	\$	\$ 9,238	\$ 1,370,191	\$ 54,339	\$	\$ 2,489	\$ 562
Due to other funds	228,251	15,975		244,226	68,383	261		265
Deferred revenues				929,720				
Total liabilities	235,098	15,975	9,238	2,544,137	122,722	261	2,489	827
Fund Balances:								
Reserved for programmatic purposes				34,384				
Unreserved:								
Designated for future obligations				2,300,000				
Designated for debt obligations				800,000				
Designated for capital improvements				50,000				
Designated for legal				50,000				
Designated for venture capital				75,000				
Designated for payroll				1,000,000				
Undesignated	(202,223)	(15,975)	8,027	1,029,205	(109,674)	(261)	21,482	2,441
Total fund balances	(202,223)	(15,975)	8,027	5,338,589	(109,674)	(261)	21,482	2,441
Total Liabilities and Fund Balances	\$ 32,875	\$ -	\$ 17,265	\$ 7,882,726	\$ 13,048	\$ -	\$ 23,971	\$ 3,268

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**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND
BALANCE SHEET - BY PROGRAM (CONTINUED)
JUNE 30, 2007**

	Special Programs						
	Coltsville Facility	Project Literacy	Allied Health Career Collaborative	Learning Corridor Cost Center	Montessori Magnet School	East Hartford/ Glastonbury Magnet School	GHA of Math and Science Magnet School
ASSETS							
Cash and cash equivalents	\$ 10,606		\$ 4,728	\$ 193,981		\$ 160,533	
Investments							
Accounts receivable		7,000		111,417	297,384		97,650
Due from other funds							
Other assets		395					
Total Assets	\$ 10,606	\$ 7,395	\$ 4,728	\$ 305,398	\$ 297,384	\$ 160,533	\$ 97,650
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 10,606	\$ 395	\$ 386	\$ 216,290	\$ 35,752	\$ 50,716	\$ 60,472
Due to other funds		67,719			635,741		617,675
Deferred revenues		21,500			2,119	40,002	50,817
Total liabilities	10,606	89,614	386	216,290	673,612	90,718	728,964
Fund Balances:							
Reserved for programmatic purposes							
Unreserved:							
Designated for future obligations							
Designated for debt obligations							
Designated for capital improvements							
Designated for legal							
Designated for venture capital							
Designated for payroll							
Undesignated		(82,219)	4,342	89,108	(376,228)	69,815	(631,314)
Total fund balances	-	(82,219)	4,342	89,108	(376,228)	69,815	(631,314)
Total Liabilities and Fund Balances	\$ 10,606	\$ 7,395	\$ 4,728	\$ 305,398	\$ 297,384	\$ 160,533	\$ 97,650

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND
BALANCE SHEET - BY PROGRAM (CONTINUED)
JUNE 30, 2007**

	Special Programs							
	Metropolitan Learning Center Magnet School	Two Rivers Magnet Middle School	Hartford Magnet Middle School	University of Hartford Magnet School	Soundbridge	River Street School	Polaris Center	Magnet School Cost Center
ASSETS								
Cash and cash equivalents	\$ 67,046		\$ 2,688		\$ 718,076	\$ 1,297,566	\$ 69,966	
Investments					12,128			
Accounts receivable	305,190	547,650		383,407	527,868	1,634,076	698,489	143,361
Due from other funds						2,703,750		
Other assets						88,331	365	
Total Assets	\$ 372,236	\$ 547,650	\$ 2,688	\$ 383,407	\$ 1,258,072	\$ 5,723,723	\$ 768,820	\$ 143,361
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 257,440	\$ 60,797	\$ 2,688	\$ 182,681	\$ 169,619	\$ 265,243	\$ 126,562	\$ 77,835
Due to other funds		303,707		119,304			1,282,565	256,588
Deferred revenues	20,403				30,653		13,668	
Total liabilities	277,843	364,504	2,688	301,985	200,272	265,243	1,422,795	334,423
Fund Balances:								
Reserved for programmatic purposes								
Unreserved:								
Designated for future obligations								
Designated for debt obligations								
Designated for capital improvements								
Designated for legal								
Designated for venture capital								
Designated for payroll								
Undesignated	94,393	183,146	-	81,422	1,057,800	5,458,480	(653,975)	(191,062)
Total fund balances	94,393	183,146	-	81,422	1,057,800	5,458,480	(653,975)	(191,062)
Total Liabilities and Fund Balances	\$ 372,236	\$ 547,650	\$ 2,688	\$ 383,407	\$ 1,258,072	\$ 5,723,723	\$ 768,820	\$ 143,361

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND
BALANCE SHEET - BY PROGRAM (CONTINUED)
JUNE 30, 2007**

	<u>Special Programs</u>					<u>Total</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Integrated Program Model</u>	<u>Farmington Valley Diagnostic Center</u>	<u>Greater Hartford Academy of the Arts</u>	<u>Center for Creative Youth</u>	<u>Great Path Academy</u>			
ASSETS								
Cash and cash equivalents	\$ 219,486	\$ 148,564	\$	\$ 168,424	\$ 10,762	\$ 3,096,397	\$	\$ 5,249,157
Investments				47,893		60,021		60,021
Accounts receivable	173,799	270,701	270,203		30,011	5,501,176		6,482,452
Due from other funds						2,703,750	(3,893,263)	3,570,226
Other assets			74,522	54,161		218,072		220,071
Total Assets	\$ 393,285	\$ 419,265	\$ 344,725	\$ 270,478	\$ 40,773	\$ 11,579,416	\$ (3,893,263)	\$ 15,581,927
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 48,241	\$ 5,923	\$ 67,549	\$ 17,030	\$ 9,429	\$ 1,668,705	\$	\$ 3,093,235
Due to other funds			296,829			3,580,654	(3,893,263)	-
Deferred revenues		244,864	42,232	223,719	29,128	719,105		1,648,825
Total liabilities	48,241	250,787	406,610	240,749	38,557	5,968,464	(3,893,263)	4,742,060
Fund Balances:								
Reserved for programmatic purposes						-		34,384
Unreserved:								
Designated for future obligations						-		2,300,000
Designated for debt obligations						-		800,000
Designated for capital improvements						-		50,000
Designated for legal						-		50,000
Designated for venture capital						-		75,000
Designated for payroll						-		1,000,000
Undesignated	345,044	168,478	(61,885)	29,729	2,216	5,610,952		6,530,483
Total fund balances	345,044	168,478	(61,885)	29,729	2,216	5,610,952	-	10,839,867
Total Liabilities and Fund Balances	\$ 393,285	\$ 419,265	\$ 344,725	\$ 270,478	\$ 40,773	\$ 11,579,416	\$ (3,893,263)	\$ 15,581,927

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND**

EXHIBIT A-2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2007**

	Administration							
	CREC General	Executive Director	Deputy Executive Director	Business Services	Human Resources	Communications Services	Student Services	Teaching and Learning Services
Revenues:								
Tuition	\$	\$	\$	\$	\$	\$	\$	\$
Grants in aid	3,965,945							
Room and board								
Sales of services				2,892	17	250		
Investment income	503,785							
Other local revenues		31,138		3,425				
Total revenues	4,469,730	31,138	-	6,317	17	250	-	-
Expenditures:								
Current:								
Salaries		193,612	195,360	1,284,999	542,882	157,022	138,111	58,712
Employee benefits	3,197,703	32,417	25,972	337,587	138,470	35,096	37,194	8,235
Purchased professional and technical services		571	5,393	418,013	2,594	4,435	18,023	2,896
Purchased property services		8,118		90	624			
Other purchased services	29,299	12,360	35,568	171,574	35,158	16,522	10,095	16,704
Supplies		1,376	2,916	17,763	4,075	2,071	146	2,641
Property		1,000	59	136,428	2,279	35	1,233	2,374
Other uses of funds		13,948	1,127	16,080	1,423	885	923	2,146
Total expenditures	3,227,002	263,402	266,395	2,382,534	727,505	216,066	205,725	93,708
Excess (Deficiency) of Revenues over Expenditures	1,242,728	(232,264)	(266,395)	(2,376,217)	(727,488)	(215,816)	(205,725)	(93,708)
Other Financing Sources (Uses):								
Transfers in	5,219,002	283,159	321,977	2,676,902	786,485	227,577	235,468	109,708
Transfers out	(5,687,578)	(49,551)	(55,582)	(300,767)	(58,980)	(11,457)	(29,743)	(16,000)
Total other financing sources (uses)	(468,576)	233,608	266,395	2,376,135	727,505	216,120	205,725	93,708
Net Change in Fund Balances	774,152	1,344	-	(82)	17	304	-	-
Fund Balances at Beginning of Year	4,734,021	1,082	329	11,989	11,461	1,905	3,991	8,247
Fund Balances at End of Year	\$ 5,508,173	\$ 2,426	\$ 329	\$ 11,907	\$ 11,478	\$ 2,209	\$ 3,991	\$ 8,247

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND**

EXHIBIT A-2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BY PROGRAM (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

	Administration			Facilities	Special Programs		
	Grants and Development Office	Technology Services	Technical Assistance Brokering Services	Administrative Building Cost Center	Connecticut Academy for Educ. Leaders	Interdistrict Grant Office	Minority Teacher Recruiting
			Total				
Revenues:							
Tuition	\$	\$	\$	\$	\$	\$	\$
Grants in aid			3,965,945	12,378			
Room and board			-				
Sales of services	146,914		150,073	2,002	3,285	138,840	29,240
Investment income			503,785				
Other local revenues			34,563	550			
Total revenues	146,914	-	4,654,366	14,930	3,285	138,840	29,240
Expenditures:							
Current:							
Salaries	204,377		164,326	2,939,401	112,211	93,685	23,294
Employee benefits	30,414		24,859	3,867,947	38,764	29,041	2,671
Purchased professional and technical services	3,145		290	455,360	2,775	205	
Purchased property services				8,832	294,167		
Other purchased services	8,886		12,209	348,375	23,699	3,320	3,379
Supplies	1,011		2,749	34,748	144,942	577	41
Property	2,111		4,460	149,979	56,051		
Other uses of funds	195		1,177	37,904	515		
Total expenditures	250,139	-	210,070	7,842,546	673,124	3,320	127,392
Excess (Deficiency) of Revenues over Expenditures	(103,225)	-	(210,070)	(3,188,180)	(658,194)	(35)	11,448
Other Financing Sources (Uses):							
Transfers in	87,878		276,981	10,225,137	796,247		
Transfers out	(10,000)		(66,911)	(6,286,569)	(194,744)	(200)	(6,592)
Total other financing sources (uses)	77,878	-	210,070	3,938,568	601,503	(200)	(6,592)
Net Change in Fund Balances	(25,347)	-	-	750,388	(56,691)	(235)	4,856
Fund Balances at Beginning of Year	(176,876)	(15,975)	8,027	4,588,201	(52,983)	(26)	16,626
Fund Balances at End of Year	\$ (202,223)	\$ (15,975)	\$ 8,027	\$ 5,338,589	\$ (109,674)	\$ (261)	\$ 21,482

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND**

EXHIBIT A-2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BY PROGRAM (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Programs						
	<u>Coltsville Facility</u>	<u>Project Literacy</u>	<u>Allied Health Career Collaborative</u>	<u>Learning Corridor Cost Center</u>	<u>Montessori Magnet School</u>	<u>East Hartford/ Glastonbury Magnet School</u>	<u>GHA of Math and Science Magnet School</u>
Revenues:							
Tuition	\$	\$	\$	\$	\$	\$	\$
Grants in aid					3,059,799	2,005,113	1,558,824
Room and board							
Sales of services	10,500	95,267	20,000	3,201,909	700,882	510,725	665,359
Investment income							
Other local revenues					500		
Total revenues	<u>10,500</u>	<u>95,267</u>	<u>20,000</u>	<u>3,201,909</u>	<u>3,761,181</u>	<u>2,515,838</u>	<u>2,224,183</u>
Expenditures:							
Current:							
Salaries	11,639		16,300	128,348	2,213,307	1,647,475	1,262,034
Employee benefits	1,350		1,493	21,465	487,790	303,502	191,683
Purchased professional and technical services				955	268,907	149,822	191,066
Purchased property services	269,654			1,522,269	404,901	13,933	277,300
Other purchased services	36,311	66,415	451	89,801	56,497	196,493	143,211
Supplies	98,465		1,222	1,982,921	65,651	72,950	100,991
Property	139				1,790	23,212	34,610
Other uses of funds	90	14,737		350	2,233	774	877
Total expenditures	<u>417,648</u>	<u>81,152</u>	<u>19,466</u>	<u>3,746,109</u>	<u>3,501,076</u>	<u>2,408,161</u>	<u>2,201,772</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(407,148)</u>	<u>14,115</u>	<u>534</u>	<u>(544,200)</u>	<u>260,105</u>	<u>107,677</u>	<u>22,411</u>
Other Financing Sources (Uses):							
Transfers in	408,499			541,779			
Transfers out	(1,351)	(9,120)	(952)		(208,032)	(100,221)	(85,198)
Total other financing sources (uses)	<u>407,148</u>	<u>(9,120)</u>	<u>(952)</u>	<u>541,779</u>	<u>(208,032)</u>	<u>(100,221)</u>	<u>(85,198)</u>
Net Change in Fund Balances		4,995	(418)	(2,421)	52,073	7,456	(62,787)
Fund Balances at Beginning of Year	-	(87,214)	4,760	91,529	(428,301)	62,359	(568,527)
Fund Balances at End of Year	\$ -	\$ (82,219)	\$ 4,342	\$ 89,108	\$ (376,228)	\$ 69,815	\$ (631,314)

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**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND**

EXHIBIT A-2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BY PROGRAM (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Programs							
	Metropolitan Learning Center Magnet School	Two Rivers Magnet Middle School	Hartford Magnet Middle School	University of Hartford Magnet School	Soundbridge	River Street School	Polaris Center	Magnet School Cost Center
Revenues:								
Tuition	\$ 10,910				\$ 2,391,688	\$ 13,794,065	\$ 3,955,449	
Grants in aid	6,625,625	5,422,174		4,298,095	275,696		411,559	1,366,300
Room and board						1,482,436	2,681,159	
Sales of services	1,604,605	2,500,534		1,694,320	2,078,761	4,153,091	146,706	2,131,584
Investment income					561			
Other local revenues	6,766	1,171		1,411	61,365	135	25,625	
Total revenues	8,247,906	7,923,879	-	5,993,826	4,808,071	19,429,727	7,220,498	3,497,884
Expenditures:								
Current:								
Salaries	5,113,785	4,768,300		3,635,578	2,872,243	11,879,399	4,131,557	750,486
Employee benefits	848,678	937,435		736,340	670,273	2,711,602	1,107,330	128,367
Purchased professional and technical services	543,949	615,672		487,618	39,881	361,274	143,013	86,602
Purchased property services	678,875	447,692		437,721	192,566	642,427	359,595	18,200
Other purchased services	175,231	140,109		86,027	152,638	187,459	113,285	2,370,802
Supplies	444,312	514,977		310,279	117,117	452,690	471,242	17,768
Property	55,311	159,785		20,421	308,809	153,348	53,968	89,854
Other uses of funds	11,378	1,766		2,048	1,832	4,313	35,903	805
Total expenditures	7,871,519	7,585,736	-	5,716,032	4,355,359	16,392,512	6,415,893	3,462,884
Excess (Deficiency) of Revenues over Expenditures	376,387	338,143	-	277,794	452,712	3,037,215	804,605	35,000
Other Financing Sources (Uses):								
Transfers in						179,483		
Transfers out	(320,530)	(325,249)	-	(230,003)	(440,363)	(2,838,782)	(668,855)	(35,000)
Total other financing sources (uses)	(320,530)	(325,249)	-	(230,003)	(440,363)	(2,659,299)	(668,855)	(35,000)
Net Change in Fund Balances	55,857	12,894	-	47,791	12,349	377,916	135,750	
Fund Balances at Beginning of Year	38,536	170,252	-	33,631	1,045,451	5,080,564	(789,725)	(191,062)
Fund Balances at End of Year	<u>\$ 94,393</u>	<u>\$ 183,146</u>	<u>\$ -</u>	<u>\$ 81,422</u>	<u>\$ 1,057,800</u>	<u>\$ 5,458,480</u>	<u>\$ (653,975)</u>	<u>\$ (191,062)</u>

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND**

EXHIBIT A-2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BY PROGRAM (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

Special Programs

	Integrated Program Model	Farmington Valley Diagnostic Center	Greater Hartford Academy of the Arts	Center for Creative Youth	Great Path Academy	Total	Eliminations	Total
Revenues:								
Tuition	\$ 1,870,216	\$ 841,404	\$ 1,448,647	\$ 320,947	\$ 732,704	\$ 24,633,326	\$	\$ 24,633,326
Grants in aid	10,000		2,368,844	249,478		28,384,211		32,362,534
Room and board				31,050		4,194,645		4,194,645
Sales of services	2,118,430	5,625	180,251	7,527	214,892	22,212,333		22,364,408
Investment income				1,601		2,162		505,947
Other local revenues			27,479	2,182		126,634		161,747
Total revenues	3,998,646	847,029	4,025,221	612,785	947,596	79,553,311	-	84,222,607
Expenditures:								
Current:								
Salaries	2,686,881	491,115	2,232,922	249,852	714,860	44,923,060		47,974,672
Employee benefits	660,739	122,084	474,166	29,108	109,936	9,575,053		13,481,764
Purchased professional and technical services	117,801	8,459	222,258	2,100	37,115	3,276,697		3,734,832
Purchased property services	88,643	106,944	687,978	5,409		6,154,107		6,457,106
Other purchased services	50,784	9,751	214,789	312,842	26,917	4,440,396		4,812,470
Supplies	22,606	20,973	129,507	7,230	37,898	4,869,417		5,049,107
Property	12,269	4,297	19,850	195	1,891	939,749		1,145,779
Other uses of funds			9,448	390	1,961	88,905		127,324
Total expenditures	3,639,723	763,623	3,990,918	607,126	930,578	74,267,384	-	82,783,054
Excess (Deficiency) of Revenues over Expenditures	358,923	83,406	34,303	5,659	17,018	5,285,927	-	1,439,553
Other Financing Sources (Uses):								
Transfers in	18,127					1,147,888	(10,916,857)	1,252,415
Transfers out	(377,050)	(83,406)	(92,891)	(16,529)	(17,018)	(5,857,342)	10,916,857	(1,421,798)
Total other financing sources (uses)	(358,923)	(83,406)	(92,891)	(16,529)	(17,018)	(4,709,454)	-	(169,383)
Net Change in Fund Balances	-	-	(58,588)	(10,870)	-	576,473	-	1,270,170
Fund Balances at Beginning of Year	345,044	168,478	(3,297)	40,599	2,216	5,034,479		9,569,697
Fund Balances at End of Year	<u>\$ 345,044</u>	<u>\$ 168,478</u>	<u>\$ (61,885)</u>	<u>\$ 29,729</u>	<u>\$ 2,216</u>	<u>\$ 5,610,952</u>	<u>\$ -</u>	<u>\$ 10,839,867</u>

**CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

EXHIBIT A-3

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Programs:				
Tuition	\$ 19,507,935	\$ 23,938,018	\$ 24,633,326	\$ 695,308
Grants in aid	29,942,459	28,870,703	28,384,211	(486,492)
Room and board	3,764,567	3,764,567	4,194,645	430,078
Sales of services	23,716,436	24,133,993	22,212,333	(1,921,660)
Investment income			2,162	2,162
Other local revenues	82,850	120,080	126,634	6,554
Transfers	584,505	584,505	1,147,888	563,383
Total special programs	<u>77,598,752</u>	<u>81,411,866</u>	<u>80,701,199</u>	<u>(710,667)</u>
Administration/Facilities:				
Grants in aid			12,378	12,378
Sales of services			152,075	152,075
Other local revenues			35,113	35,113
Transfers	6,112,889	6,112,891	5,802,382	(310,509)
Total administration/facilities	<u>6,112,889</u>	<u>6,112,891</u>	<u>6,001,948</u>	<u>(110,943)</u>
Total revenues	<u>83,711,641</u>	<u>87,524,757</u>	<u>86,703,147</u>	<u>(821,610)</u>
Expenditures:				
Administration:				
Executive Director	314,159	314,159	312,953	1,206
Deputy Executive Director	321,977	321,977	321,977	-
Business Services	2,786,902	2,786,902	2,683,301	103,601
Human Resources	786,485	786,485	786,485	-
Communications Services	227,578	227,578	227,523	55
Student Services	353,150	353,150	235,468	117,682
Teaching and Learning Services	109,709	109,709	109,708	1
Grants and Development Office	246,183	261,183	260,139	1,044
Technical Assistance Brokering Services	296,981	296,981	276,981	20,000
Total administration	<u>5,443,124</u>	<u>5,458,124</u>	<u>5,214,535</u>	<u>243,589</u>
Facilities:				
Administrative Building Cost Center	<u>915,948</u>	<u>915,950</u>	<u>867,868</u>	<u>48,082</u>

(Continued on next page)

CAPITOL REGION EDUCATION COUNCIL
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007

EXHIBIT A-3

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Special Programs:				
Connecticut Academy for Education				
Leaders	\$ 3,520	\$ 3,520	\$ 3,520	\$ -
Interdistrict Grant Office	146,825	146,825	133,984	12,841
Minority Teacher Recruiting	27,000	30,000	29,385	615
Coltsville Facility	1,019,500	1,019,500	418,999	600,501
Project Literacy		100,300	90,272	10,028
Allied Health Career Collaborative	20,000	20,418	20,418	-
Learning Corridor Cost Center	3,726,000	3,746,109	3,746,109	-
Montessori Magnet School	3,397,763	3,717,804	3,709,108	8,696
East Hartford/Glastonbury Magnet School	2,454,694	2,508,382	2,508,382	-
GHA Math and Science Magnet School	2,071,419	2,286,970	2,286,970	-
Metropolitan Learning Center Magnet School	7,666,109	8,192,049	8,192,049	-
Two Rivers Magnet Middle School	7,619,912	7,910,985	7,910,985	-
University of Hartford Magnet School	5,653,965	5,943,535	5,946,035	(2,500)
Soundbridge	4,302,925	4,795,722	4,795,722	-
River Street School	19,179,150	19,231,294	19,231,294	-
Polaris Center	6,562,140	7,084,748	7,084,748	-
Magnet School Cost Center	3,082,000	3,497,884	3,497,884	-
Integrated Program Model	4,147,550	4,147,550	4,016,773	130,777
Farmington Valley Diagnostic Center	917,860	917,860	847,029	70,831
Greater Hartford Academy of the Arts	3,588,818	4,083,809	4,083,809	-
Center for Creative Youth	816,500	816,500	623,655	192,845
Great Path Academy	948,919	948,919	947,596	1,323
Total special programs	<u>77,352,569</u>	<u>81,150,683</u>	<u>80,124,726</u>	<u>1,025,957</u>
 Total expenditures	 <u>83,711,641</u>	 <u>87,524,757</u>	 <u>86,207,129</u>	 <u>1,317,628</u>
 Excess of Revenues over Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 496,018	 <u>\$ 496,018</u>
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance:				
Revenue and expenditures for CREC General Program are not budgeted. Net change in fund balance for CREC General program is				
			<u>774,152</u>	
Net Change in Fund Balance - GAAP Basis			<u>\$ 1,270,170</u>	

Special Revenue Fund

SPECIAL REVENUE FUND

GRANTS AND CONTRACTS FUND

INTERDISTRICT GRANTS - A variety of special purpose SDE funded grants are received to promote and support collaborative cooperative efforts among CREC member towns.

PROJECT PACT - Project PACT (Perkins Access Consultation Team) provides consortium members with services that improve vocational programs in the area of technology education for all students, including those who are disadvantaged, have disabilities or have limited English proficiency.

TEACHING AMERICAN HISTORY - The Teaching American History program, funded under the Elementary and Secondary Education Act, is designed to raise student achievement by improving teachers' knowledge, understanding and appreciation of American history. CREC's initiative includes partnerships with school districts (Bolton, East Hartford, Manchester, Plainville, Regional District 10, Vernon and West Hartford), the University of Connecticut (the History Department, Neag School of Education and the Thomas J. Dodd Research Center), as well as a number of local museums and historical societies.

GHAMAS OUTREACH SCIENCE RESOURCE CENTER - GHAMAS Outreach Science Resource Center provides a summer program for Hartford and suburban students highly motivated in math and science, combining content with problem-solving skills in an integrated, interwoven curriculum. The Center also held a summer institute focused on food technologies and bacteriology for middle school teachers and on polymers and plastics for high school teachers.

SPECIAL SERVICES SUPPORT TEAM - Services provided by this program include consultation, training and staff development to State agencies and local school districts in special education and regular education initiatives.

RELATED SERVICES - Professional development, staffing and other services are provided for state agency programs. In addition, services provided to local school districts include diagnostic services, extensive staff brokering and grant coordination.

REGIONAL TECHNOLOGY TRAINING - The Regional Technology Training program is funded under a grant from the CT SDE's Technology Literacy Challenge Fund Grant. This provides a great range of technology training for CREC member districts.

CONNECTICUT TECHNICAL HIGH SCHOOLS PROFESSIONAL DEVELOPMENT - This program is supported by a three-year contract from the Department of Education to provide professional development activities to the State Technical High Schools.

SUMMER YOUTH EMPLOYMENT - CREC Summer Youth Employment Program serves students in the Greater Hartford area from June to August. This program focused on project-based initiatives and service learning projects in partnership with other agencies.

CAPITOL REGION CHOICE PROGRAM - The Capitol Region Choice Program allows for the voluntary attendance of children in schools beyond their traditional attendance borders in an effort to reduce racial, ethnic and economic isolation.

SCHOOL TO CAREER INITIATIVES - School To Career Initiatives will provide support to CREC school districts and others in the implementation of regional planning, school-based coordination, professional development, marketing and data collection. The Federal implementation funds received from the SDE will allow CREC to disseminate guidance and curriculum materials to adult educators in the region.

SUBURBAN YOUTH PROGRAMS - Capital Workforce Partners has funded CREC to serve in-school and out-of-school youth between the ages of 14 and 21 under the Workforce Investment Act.

PUPIL PARTNERS - Pupil Partners provides grant awards to schools whose proposals create partnerships between urban and suburban classrooms and/or schools for an integrated experience with a curricular focus.

CONNECTICUT MIGRATORY CHILDREN'S PROGRAM - The Connecticut Migratory Children's Program identifies children eligible for migrant services provided by the state. The students are children of migrant agricultural farm workers and fishers throughout the state. Once an educational need assessment is done, each child is placed in a proper educational setting. Further, an elaborate computer program is maintained to enable the child's school records to follow him or her wherever in the country the parents migrate.

ENTITLEMENT GRANTS - CREC was awarded Federal entitlement grants: Title I, Improving Basic Programs; Title IV, Safe and Drug Free Schools; and Title V, Innovative Education. All of the funds must be used to reach one or more of five goals designed to improve student performance that the State Board of Education has adopted as part of the No Child Left Behind Act of 2001.

DEPARTMENT OF CORRECTIONS PROFESSIONAL DEVELOPMENT - A contract from the State Department of Corrections was received to provide a comprehensive program of professional development and training to faculty and administrators of the Unified School District Number 1.

COMMUNITY EDUCATION - Community Education provides leadership, training and consulting services to improve the quality of education and deliver effective adult training and development across the state.

METACOMET RIDGE ACADEMY - Metacomet Ridge Academy brings together high school students from ten different school districts to collaborate on an interdisciplinary study of the Metacomet Ridge. This unique geological feature has played a significant role in the economic, social, political and historical development of Connecticut.

EQUAL SUMMER - EQUAL is a summer academic program that affords students the opportunity to study one of three distinct curricula within a student population that is racially, ethnically and socioeconomically integrated. Funding is through an Interdistrict Cooperative Grant as well as small grants from private foundations.

GRAUSTEIN FUND DISCOVERY GRANT - CREC serves as fiscal agent for awards from the William Caspar Graustein Memorial Fund. The Memorial Fund invests in building knowledge and engaging Discovery Grant participants in becoming "Learning Communities."

PRESCHOOL INTERVENTION PROGRAM - The Preschool Intervention Program (PIP) identifies high-risk children early and provides programming and support to their families. PIP then assists LEAs in the transition of those children into the public schools. A foundation of the program is a parent training program for young parents with children three to five years of age.

HARTFORD ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN (HAEYC) - This program is a local membership organization of the National Association for the Education of Young Children. HAEYC provides training opportunities, educational events and resources to members and to general early childhood teacher community.

BIRTH TO THREE - The Birth to Three program receives funds from the State Department of Mental Retardation to provide home based early intervention services to infants, toddlers and their families. The Birth to Three program collaborates not only with school districts, but also with health and social service agencies on behalf of the children/families served.

EMPLOYMENT TRAINING PROGRAM - A variety of special purpose funds from the SDE and the Federal Job Training Partnership Program are used to support efforts such as remedial reading instruction for students and training and placement of young adults in the human services field.

EARLY EDUCATION PROGRAMS - The new CREC Early Education initiative will work to support, coordinate, enhance and expand the existing CREC Early Childhood programs. CREC recognizes that a significant number of children in the Greater Hartford towns do not have the benefit of high quality early childhood educational experiences, and these children enter kindergarten with developmental and learning deficits that are difficult or impossible to overcome. With this in mind, CREC's Early Education initiative will work in partnership with the Connecticut State Department of Education, the U.S. Department of Education, local school districts and community agencies to improve existing services and support the establishment of early education centers that will expand the opportunities for all children in need of these programs.

SUPPLEMENTAL SERVICES - CREC has received a contract from Hartford Public Schools to provide supplemental services to students who attend three of Hartford's elementary schools: Milner, Moylan and Kinsella. CREC is approved by the State Department of Education as a service provider along with the rest of the RESC Alliance members. Highly qualified teachers and paraprofessionals from the CREC region teach small groups of students using research-based programs to improve verbal skills, vocabulary and early reading behaviors. The program can support up to 75 students this year.

OPENING DOORS - This grant from the U.S. Department of Labor provides CREC, as an intermediary agency, the ability to assist six local community-based organizations as career development centers. CREC helps the selected sub-grantees to build capacity in delivering job search, career exploration, job acquisition and English as a Second Language services to their local constituencies. The sub-grantees represent Hartford and New Britain. The grant provides the ability to decentralize some of the services of the One Stop Career Centers, administered by the Capital Workforce Partners.

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
BALANCE SHEET - BY PROGRAM
JUNE 30, 2007**

Grants and Contracts Fund

	<u>Interdistrict Grants</u>	<u>Project PACT</u>	<u>Teaching American History</u>	<u>GHAMAS Outreach Science Resource Center</u>	<u>Special Services Support Team</u>	<u>Related Services</u>	<u>Regional Technology Training</u>
ASSETS							
Cash and cash equivalents	\$ 116,496	\$ 17,080	\$	\$ 49	\$	\$	\$
Accounts receivable	3,148	32,438	130,168		250,018	302,991	25,000
Other assets	<u>2,733</u>	<u></u>	<u>1,375</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Assets	<u>\$ 122,377</u>	<u>\$ 49,518</u>	<u>\$ 131,543</u>	<u>\$ 49</u>	<u>\$ 250,018</u>	<u>\$ 302,991</u>	<u>\$ 25,000</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 105,953	\$ 49,518	\$ 38,397	\$	\$ 17,302	\$ 76,326	\$
Due to other funds			93,146		257,980	205,009	22,234
Deferred revenues	<u>11,571</u>	<u></u>	<u></u>	<u></u>	<u>6,885</u>	<u>27</u>	<u>2,766</u>
Total liabilities	117,524	49,518	131,543	-	282,167	281,362	25,000
Fund Balances:							
Unreserved, undesignated	<u>4,853</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>(32,149)</u>	<u>21,629</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 122,377</u>	<u>\$ 49,518</u>	<u>\$ 131,543</u>	<u>\$ 49</u>	<u>\$ 250,018</u>	<u>\$ 302,991</u>	<u>\$ 25,000</u>

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
BALANCE SHEET - BY PROGRAM (CONTINUED)
JUNE 30, 2007**

Grants and Contracts Fund

	Connecticut Technical High Schools	Summer Youth Employment	Capitol Region Choice Program	School to Career Initiatives	Suburban Youth Programs	Pupil Partners	Connecticut Migratory Children's Program
ASSETS							
Cash and cash equivalents	\$ 50,826	\$ 6,669	\$	\$	\$	\$ 7,184	\$
Accounts receivable				195,184	6,795		48,249
Other assets			1,000	100			
Total Assets	\$ 50,826	\$ 6,669	\$ 1,000	\$ 195,284	\$ 6,795	\$ 7,184	\$ 48,249
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 10,783	\$ 354	\$ 152,706	\$ 80,889	\$ 635	\$ 3,028	\$ 283
Due to other funds			348,079	100,166	6,651		44,665
Deferred revenues			6,500	13,904			
Total liabilities	10,783	354	507,285	194,959	7,286	3,028	44,948
Fund Balances:							
Unreserved, undesignated	40,043	6,315	(506,285)	325	(491)	4,156	3,301
Total Liabilities and Fund Balances	\$ 50,826	\$ 6,669	\$ 1,000	\$ 195,284	\$ 6,795	\$ 7,184	\$ 48,249

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
BALANCE SHEET - BY PROGRAM (CONTINUED)
JUNE 30, 2007**

Grants and Contracts Fund

	<u>Entitlement Grants</u>	<u>Department of Corrections Professional Development</u>	<u>Community Education</u>	<u>Metacomet Ridge Academy</u>	<u>EQUAL Summer</u>	<u>Graustein Fund Discovery Grant</u>	<u>Preschool Intervention Program</u>
ASSETS							
Cash and cash equivalents	\$	\$ 36,817	\$	\$ 1,033	\$ 19,334	\$ 19,174	\$
Accounts receivable	89,020		626,600		920		
Other assets					810		
Total Assets	<u>\$ 89,020</u>	<u>\$ 36,817</u>	<u>\$ 626,600</u>	<u>\$ 1,033</u>	<u>\$ 21,064</u>	<u>\$ 19,174</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 12,985	\$ 7,706	\$ 55,435	\$ 1,033	\$ 20	\$ 16,424	\$ 4,945
Due to other funds	76,254		553,330				56,808
Deferred revenues		15,420			19,147		1,000
Total liabilities	89,239	23,126	608,765	1,033	19,167	16,424	62,753
Fund Balances:							
Unreserved, undesignated	(219)	13,691	17,835	-	1,897	2,750	(62,753)
Total Liabilities and Fund Balances	<u>\$ 89,020</u>	<u>\$ 36,817</u>	<u>\$ 626,600</u>	<u>\$ 1,033</u>	<u>\$ 21,064</u>	<u>\$ 19,174</u>	<u>\$ -</u>

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
BALANCE SHEET - BY PROGRAM (CONTINUED)
JUNE 30, 2007**

Grants and Contracts Fund

	Hartford Association for the Education of Young Children	Birth to Three	Employment Training Program	Early Education Programs	Supplemental Services	Opening Doors	Total
ASSETS							
Cash and cash equivalents	\$	\$ 117,472	\$	\$	\$ 84,643	\$ 1,135	\$ 477,912
Accounts receivable	109,136	116,900	291,244	39,067	108,093		2,374,971
Other assets							6,018
Total Assets	\$ 109,136	\$ 234,372	\$ 291,244	\$ 39,067	\$ 192,736	\$ 1,135	\$ 2,858,901
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 6,254	\$ 5,631	\$ 34,274	\$ 21,389	\$ 3,278	\$ 1,135	\$ 706,683
Due to other funds	28,163		410,796	55,291			2,258,572
Deferred revenues	74,719	54,000	6,000		42,507		254,446
Total liabilities	109,136	59,631	451,070	76,680	45,785	1,135	3,219,701
Fund Balances:							
Unreserved, undesignated	-	174,741	(159,826)	(37,613)	146,951	-	(360,800)
Total Liabilities and Fund Balances	\$ 109,136	\$ 234,372	\$ 291,244	\$ 39,067	\$ 192,736	\$ 1,135	\$ 2,858,901

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2007**

Grants and Contracts Fund

	Interdistrict Grants	Project PACT	Teaching American History	GHAMAS Outreach Science Resource Center	Special Services Support Team	Related Services	Regional Technology Training
Revenues:							
Tuition	\$ 20,690						
Grants in aid	1,352,957	89,571	384,413	79,931		826,180	
Sales of services				49	1,077,125	892,256	
Other local revenues							
Total revenues	1,373,647	89,571	384,413	79,980	1,077,125	1,718,436	-
Expenditures:							
Current:							
Salaries	184,458		49,753	11,000	750,921	863,464	
Employee benefits	21,582		16,912	1,591	116,717	196,415	
Purchased professional and technical services	143,415	11,894	99,867	32,150	43,434	458,547	
Purchased property services	2,900				150		
Other purchased services	934,849	64,634	141,050	1,998	42,206	22,192	
Supplies	8,829	10,086	27,871	28,825	3,107	34,084	
Property							
Other objects					264	60	
Total expenditures	1,296,033	86,614	335,453	75,564	956,799	1,574,762	-
Excess (Deficiency) of Revenues over Expenditures	77,614	2,957	48,960	4,416	120,326	143,674	-
Other Financing Sources (Uses):							
Transfers in							
Transfers out	(77,614)	(2,957)	(48,960)	(4,367)	(96,047)	(186,628)	
Total other financing sources (uses)	(77,614)	(2,957)	(48,960)	(4,367)	(96,047)	(186,628)	-
Net Change in Fund Balances	-	-	-	49	24,279	(42,954)	-
Fund Balances at Beginning of Year	4,853	-	-	-	(56,428)	64,583	-
Fund Balances at End of Year	\$ 4,853	\$ -	\$ -	\$ 49	\$ (32,149)	\$ 21,629	\$ -

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BY PROGRAM (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

Grants and Contracts Fund

	Connecticut Technical High Schools	Summer Youth Employment	Capitol Region Choice Program	School to Career Initiatives	Suburban Youth Programs	Pupil Partners	Connecticut Migratory Children's Program
Revenues:							
Tuition	\$ 614,784	\$ 271,986	\$ 4,121,100	\$ 408,050	\$ 29,999	\$ 74,453	\$ 144,749
Grants in aid							
Sales of services	2,500		15,000				
Other local revenues							
Total revenues	617,284	271,986	4,136,100	408,050	29,999	74,453	144,749
Expenditures:							
Current:							
Salaries	53,567	220,941	678,454	127,176	23,099	3,000	83,365
Employee benefits	16,697	22,704	118,717	31,978	4,548	278	22,212
Purchased professional and technical services	223,825	19	59,430	7,760		11,682	2,660
Purchased property services			16,878				17,901
Other purchased services	258,837	10,942	3,174,352	155,625	920	52,860	4,755
Supplies	91	9,198	91,197	16,039	4		4,875
Property			1,842	36,925			
Other objects							
Total expenditures	553,017	263,804	4,140,870	375,503	28,571	67,820	135,768
Excess (Deficiency) of Revenues over Expenditures	64,267	8,182	(4,770)	32,547	1,428	6,633	8,981
Other Financing Sources (Uses):							
Transfers in							
Transfers out	(64,146)	(8,182)	(1,790)	(32,547)	(1,428)	(6,633)	(7,005)
Total other financing sources (uses)	(64,146)	(8,182)	(1,790)	(32,547)	(1,428)	(6,633)	(7,005)
Net Change in Fund Balances	121	-	(6,560)	-	-	-	1,976
Fund Balances at Beginning of Year	39,922	6,315	(499,725)	325	(491)	4,156	1,325
Fund Balances at End of Year	\$ 40,043	\$ 6,315	\$ (506,285)	\$ 325	\$ (491)	\$ 4,156	\$ 3,301

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BY PROGRAM (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

Grants and Contracts Fund

	Entitlement Grants	Department of Corrections Professional Development	Community Education	Metacomet Ridge Academy	EQUAL Summer	Graustein Fund Discovery Grant	Preschool Intervention Program
Revenues:							
Tuition	\$	\$	\$	\$	\$ 373	\$	\$
Grants in aid	153,176	189,900	1,553,098	68,704	113,350	8,300	315,433
Sales of services			322,009				
Other local revenues							
Total revenues	153,176	189,900	1,875,107	68,704	113,723	8,300	315,433
Expenditures:							
Current:							
Salaries	6,135	148,674	1,101,793	39,615	49,233		193,556
Employee benefits	462	14,755	249,386	3,550	4,837		67,738
Purchased professional and technical services	117,128	4,790	139,612	5,952	16,668	6,730	1,476
Purchased property services			7,424				20,268
Other purchased services		3,444	232,885	12,295	26,481	1,767	7,606
Supplies	2,700	108	40,935	1,172	143		2,888
Property	800		4,268				
Other objects			1,010				140
Total expenditures	127,225	171,771	1,777,313	62,584	97,362	8,497	293,672
Excess (Deficiency) of Revenues over Expenditures	25,951	18,129	97,794	6,120	16,361	(197)	21,761
Other Financing Sources (Uses):							
Transfers in							
Transfers out	(25,951)	(13,636)	(100,456)	(6,120)	(16,361)	197	(21,761)
Total other financing sources (uses)	(25,951)	(13,636)	(100,456)	(6,120)	(16,361)	197	(21,761)
Net Change in Fund Balances	-	4,493	(2,662)	-	-	-	-
Fund Balances at Beginning of Year	(219)	9,198	20,497	-	1,897	2,750	(62,753)
Fund Balances at End of Year	\$ (219)	\$ 13,691	\$ 17,835	\$ -	\$ 1,897	\$ 2,750	\$ (62,753)

(Continued on next page)

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BY PROGRAM (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

Grants and Contracts Fund

	Hartford Association for the Education of Young Children	Birth to Three	Employment Training Program	Early Education Programs	Supplemental Services	Opening Doors	Total Grants and Contracts Fund
Revenues:							
Tuition	\$	\$	\$ 38,482	\$ 748,702	\$ 102,692	\$	\$ 59,545
Grants in aid	65,228	1,456,693	617,369	389,246	125,000		13,790,818
Sales of services	20,006	6,975	3,300	30,000			2,853,466
Other local revenues		138,240					168,240
Total revenues	85,234	1,601,908	659,151	1,167,948	227,692	-	16,872,069
Expenditures:							
Current:							
Salaries	29,436	1,052,690	396,158	613,639	165,557		6,845,684
Employee benefits	4,611	234,719	79,643	176,782	30,802		1,437,636
Purchased professional and technical services	15,519	35,567	4,588	12,654	1,833		1,457,200
Purchased property services		32,079	73,681	8,473			179,754
Other purchased services	7,825	71,997	14,979	283,336	3,238		5,531,073
Supplies	6,195	2,707	38,064	27,375	687		357,180
Property	2,761		30,851	59,822			137,269
Other objects	90		811	7,475			9,850
Total expenditures	66,437	1,429,759	638,775	1,189,556	202,117	-	15,955,646
Excess (Deficiency) of Revenues over Expenditures	18,797	172,149	20,376	(21,608)	25,575	-	916,423
Other Financing Sources (Uses):							
Transfers in			18,000				18,000
Transfers out	(18,797)	(146,202)	(37,229)	(15,752)	(19,492)		(959,864)
Total other financing sources (uses)	(18,797)	(146,202)	(19,229)	(15,752)	(19,492)	-	(941,864)
Net Change in Fund Balances	-	25,947	1,147	(37,360)	6,083	-	(25,441)
Fund Balances at Beginning of Year	-	148,794	(160,973)	(253)	140,868	-	(335,359)
Fund Balances at End of Year	\$ -	\$ 174,741	\$ (159,826)	\$ (37,613)	\$ 146,951	\$ -	\$ (360,800)

**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
SCHEDULES OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Grants and Contracts Fund				
Interdistrict Grants				
Revenues:				
Grants in aid	\$ 1,374,309	\$ 1,374,309	\$ 1,352,957	\$ (21,352)
Tuition			20,690	20,690
Total revenues	<u>1,374,309</u>	<u>1,374,309</u>	<u>1,373,647</u>	<u>(662)</u>
Total expenditures	<u>1,374,309</u>	<u>1,374,309</u>	<u>1,373,647</u>	<u>662</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Project PACT				
Revenues:				
Grants in aid	\$ 112,075	\$ 112,075	\$ 89,571	\$ (22,504)
Total expenditures	<u>112,075</u>	<u>112,075</u>	<u>89,571</u>	<u>22,504</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Teaching American History				
Revenues:				
Grants in aid	\$ 320,790	\$ 654,123	\$ 384,413	\$ (269,710)
Total expenditures	<u>320,790</u>	<u>654,123</u>	<u>384,413</u>	<u>269,710</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GHMAS Outreach Science Resource Center				
Revenues:				
Grants in aid	\$ 79,931	\$ 79,931	\$ 79,931	\$ -
Sales of services			49	49
Total revenues	<u>79,931</u>	<u>79,931</u>	<u>79,980</u>	<u>49</u>
Total expenditures	<u>79,931</u>	<u>79,931</u>	<u>79,931</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 49</u>

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**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
SCHEDULES OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Special Services Support Team				
Revenues:				
Sales of services	\$ 994,000	\$ 1,052,846	\$ 1,077,125	\$ 24,279
Total expenditures	<u>994,000</u>	<u>1,052,846</u>	<u>1,052,846</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,279</u>	<u>\$ 24,279</u>
Related Services				
Revenues:				
Grants in aid	\$ 510,000	\$ 1,154,065	\$ 826,180	\$ (327,885)
Sales of services	875,000	875,000	892,256	17,256
Total revenues	<u>1,385,000</u>	<u>2,029,065</u>	<u>1,718,436</u>	<u>(310,629)</u>
Total expenditures	<u>1,385,000</u>	<u>2,029,065</u>	<u>1,761,390</u>	<u>267,675</u>
Deficiency of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,954)</u>	<u>\$ (42,954)</u>
Connecticut Technical High Schools				
Revenues:				
Grants in aid	\$ 600,000	\$ 665,000	\$ 614,784	\$ (50,216)
Sales of services			2,500	2,500
Total revenues	<u>600,000</u>	<u>665,000</u>	<u>617,284</u>	<u>(47,716)</u>
Total expenditures	<u>600,000</u>	<u>665,000</u>	<u>617,163</u>	<u>47,837</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 121</u>
Summer Youth Employment				
Revenues:				
Grants in aid	\$ 381,879	\$ 403,000	\$ 271,986	\$ (131,014)
Total expenditures	<u>381,879</u>	<u>403,000</u>	<u>271,986</u>	<u>131,014</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
SCHEDULES OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capitol Region Choice Program				
Revenues:				
Grants in aid	\$ 3,894,000	\$ 4,194,000	\$ 4,121,100	\$ (72,900)
Sales of services			15,000	15,000
Total revenues	<u>3,894,000</u>	<u>4,194,000</u>	<u>4,136,100</u>	<u>(57,900)</u>
Total expenditures	<u>3,894,000</u>	<u>4,194,000</u>	<u>4,142,660</u>	<u>51,340</u>
Deficiency of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,560)</u>	<u>\$ (6,560)</u>
School to Career Initiatives				
Revenues:				
Grants in aid	\$ 313,750	\$ 414,250	\$ 408,050	\$ (6,200)
Total expenditures	<u>313,750</u>	<u>414,250</u>	<u>408,050</u>	<u>6,200</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Suburban Youth Programs				
Revenues:				
Grants in aid	\$ 30,000	\$ 30,000	\$ 29,999	\$ (1)
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>29,999</u>	<u>1</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pupil Partners				
Revenues:				
Grants in aid	\$ 74,455	\$ 74,455	\$ 74,453	\$ (2)
Total expenditures	<u>74,455</u>	<u>74,455</u>	<u>74,453</u>	<u>2</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Connecticut Migratory Children's Program				
Revenues:				
Grants in aid	\$ 65,715	\$ 195,715	\$ 144,749	\$ (50,966)
Total expenditures	<u>65,715</u>	<u>195,715</u>	<u>142,773</u>	<u>52,942</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,976</u>	<u>\$ 1,976</u>

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**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
SCHEDULES OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Entitlement Grants				
Revenues:				
Sales of services	\$ 475,145	\$ 475,145	\$	\$ (475,145)
Grants in aid	105,000	105,000	153,176	48,176
Total revenues	<u>580,145</u>	<u>580,145</u>	<u>153,176</u>	<u>(426,969)</u>
Total expenditures	<u>580,145</u>	<u>580,145</u>	<u>153,176</u>	<u>426,969</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department of Corrections Professional Development				
Revenues:				
Grants in aid	\$ 150,000	\$ 265,000	\$ 189,900	\$ (75,100)
Total expenditures	<u>150,000</u>	<u>265,000</u>	<u>185,407</u>	<u>79,593</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,493</u>	<u>\$ 4,493</u>
Community Education				
Revenues:				
Grants in aid	\$ 2,115,731	\$ 2,038,755	\$ 1,553,098	\$ (485,657)
Sales of services			322,009	322,009
Total revenues	<u>2,115,731</u>	<u>2,038,755</u>	<u>1,875,107</u>	<u>(163,648)</u>
Total expenditures	<u>2,115,731</u>	<u>2,038,755</u>	<u>1,877,769</u>	<u>160,986</u>
Deficiency of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,662)</u>	<u>\$ (2,662)</u>
Metacomet Ridge Academy				
Revenues:				
Grants in aid	\$ 68,705	\$ 68,705	\$ 68,704	\$ (1)
Total expenditures	<u>68,705</u>	<u>68,705</u>	<u>68,704</u>	<u>1</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
SCHEDULES OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EQUAL Summer				
Revenues:				
Tuition	\$	\$	\$	\$
Grants in aid	97,975	125,000	113,350	(11,650)
Total revenues	<u>97,975</u>	<u>125,000</u>	<u>113,723</u>	<u>(11,277)</u>
Total expenditures	<u>97,975</u>	<u>125,000</u>	<u>113,723</u>	<u>11,277</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Graustein Fund Discovery Grant				
Revenues:				
Grants in aid	\$	\$	\$	\$
	23,900	23,900	8,300	(15,600)
Total expenditures	<u>23,900</u>	<u>23,900</u>	<u>8,300</u>	<u>15,600</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Preschool Intervention Program				
Revenues:				
Grants in aid	\$	\$	\$	\$
	313,350	315,433	315,433	-
Total expenditures	<u>313,350</u>	<u>315,433</u>	<u>315,433</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hartford Association for the Education of Young Children (HAEYC)				
Revenues:				
Grants in aid	\$	\$	\$	\$
Sales of services	172,025	172,025	65,228	(106,797)
Total revenues	<u>172,025</u>	<u>172,025</u>	<u>85,234</u>	<u>20,006</u>
Total expenditures	<u>172,025</u>	<u>172,025</u>	<u>85,234</u>	<u>(86,791)</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**CAPITOL REGION EDUCATION COUNCIL
SPECIAL REVENUE FUND
SCHEDULES OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Birth to Three				
Revenues:				
Grants in aid	\$ 1,602,725	\$ 1,602,725	\$ 1,456,693	\$ (146,032)
Sales of services			6,975	6,975
Other local revenues			138,240	138,240
Total revenues	<u>1,602,725</u>	<u>1,602,725</u>	<u>1,601,908</u>	<u>(817)</u>
Total expenditures	<u>1,602,725</u>	<u>1,602,725</u>	<u>1,575,961</u>	<u>26,764</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,947</u>	<u>\$ 25,947</u>
Employment Training Program				
Revenues:				
Grants in aid	\$ 563,273	\$ 616,136	\$ 617,369	\$ 1,233
Tuition	37,348	37,348	41,782	4,434
Transfers		72,016	18,000	(54,016)
Total revenues	<u>600,621</u>	<u>725,500</u>	<u>677,151</u>	<u>(48,349)</u>
Total expenditures	<u>600,621</u>	<u>725,500</u>	<u>676,004</u>	<u>49,496</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,147</u>	<u>\$ 1,147</u>
Early Education Programs				
Revenues:				
Grants in aid	\$ 964,228	\$ 864,713	\$ 748,702	\$ (116,011)
Sales of services	506,150	605,667	389,246	(216,421)
Other local revenue			30,000	30,000
Total revenues	<u>1,470,378</u>	<u>1,470,380</u>	<u>1,167,948</u>	<u>(302,432)</u>
Total expenditures	<u>1,470,378</u>	<u>1,470,380</u>	<u>1,205,308</u>	<u>265,072</u>
Deficiency of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,360)</u>	<u>\$ (37,360)</u>
Supplemental Services				
Revenues:				
Grants in aid	\$ 128,100	\$ 159,300	\$ 102,692	\$ (56,608)
Sales of services		62,309	125,000	62,691
Total revenues	<u>128,100</u>	<u>221,609</u>	<u>227,692</u>	<u>6,083</u>
Total expenditures	<u>128,100</u>	<u>221,609</u>	<u>221,609</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,083</u>	<u>\$ 6,083</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

SPECIAL EDUCATION SCHOOLS CAPITAL PROJECTS - Accounts for the special education schools' renovations.

EAST HARTFORD/GLASTONBURY MAGNET CONSTRUCTION - Accounts for site acquisition and construction of a school facility for the East Hartford/Glastonbury Magnet program. All eligible and recognized costs are fully reimbursable by an SDE facilities grant.

POLARIS CENTER RENOVATION - Accounts for site acquisition and renovation of a school facility for the Polaris Center Program.

CAPITAL LEASE - Accounts for CREC's capital leases.

PERMANENT FUND

NARKIN SCHOLARSHIP FUND - The Alvina Narkin Student Scholarship will provide one yearly scholarship to one student from CREC Soundbridge who is graduating from high school and is planning to go on to any post secondary program.

DEBT SERVICE FUNDS

ADMINISTRATION CENTER PARKING LOT - Accounts for service of the debt on property of the Council located at 111 Charter Oak Avenue, Hartford.

BOND ISSUE COST CENTER - Accounts for the consolidated debt of the agency.

SPECIAL REVENUE FUND

CAPITOL REGION EDUCATION COUNCIL FOUNDATION INC. - The foundation supports CREC's public purpose of improving the quality of public education within Greater Hartford.

CAPITOL REGION EDUCATION COUNCIL

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2007

	<u>Capital Projects Funds</u>				
	<u>Special Education Schools Capital Projects</u>	<u>East Hartford/ Glastonbury Magnet Construction</u>	<u>Polaris Center Renovation</u>	<u>Capital Lease</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 155,076	\$ -	\$ -	\$ -	\$ 155,076
Investments					-
Accounts receivable			4		4
Other assets					-
Total Assets	<u>\$ 155,076</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 155,080</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds		53,457	341		53,798
Deferred revenues					-
Total liabilities	<u>-</u>	<u>53,457</u>	<u>341</u>	<u>-</u>	<u>53,798</u>
Fund Balances (deficit):					
Reserved for purposes of trust					-
Reserved for debt service					-
Unreserved:					
Undesignated	155,076	(53,457)	(337)	-	101,282
Total fund balance	<u>155,076</u>	<u>(53,457)</u>	<u>(337)</u>	<u>-</u>	<u>101,282</u>
Total Liabilities and Fund Balances	<u>\$ 155,076</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 155,080</u>

(Continued on next page)

CAPITOL REGION EDUCATION COUNCIL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2007

	<u>Permanent Fund</u>	<u>Debt Service Funds</u>			<u>Special Revenues</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Narkin Scholarship Fund</u>	<u>Administration Center Parking Lot</u>	<u>Bond Issue Cost Center</u>	<u>Total Debt Service Funds</u>	<u>CREC Foundation Inc.</u>	
ASSETS						
Cash and cash equivalents	\$		\$ 997,118	\$ 997,118	\$ 53,180	\$ 1,205,374
Investments	20,060			-		20,060
Accounts receivable				-		4
Other assets				-	820	820
Total Assets	<u>\$ 20,060</u>	<u>\$ -</u>	<u>\$ 997,118</u>	<u>\$ 997,118</u>	<u>\$ 54,000</u>	<u>\$ 1,226,258</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,298			\$ -		\$ 1,298
Due to other funds	1,762			-		55,560
Deferred revenues				-	54,117	54,117
Total liabilities	<u>3,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,117</u>	<u>110,975</u>
Fund Balances (deficit):						
Reserved for purposes of trust	17,000			-		17,000
Reserved for debt service			997,118	997,118		997,118
Unreserved:						
Undesignated				-	(117)	101,165
Total fund balance	<u>17,000</u>	<u>-</u>	<u>997,118</u>	<u>997,118</u>	<u>(117)</u>	<u>1,115,283</u>
Total Liabilities and Fund Balances	<u>\$ 20,060</u>	<u>\$ -</u>	<u>\$ 997,118</u>	<u>\$ 997,118</u>	<u>\$ 54,000</u>	<u>\$ 1,226,258</u>

CAPITOL REGION EDUCATION COUNCIL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

Capital Projects Funds

	Special Education Schools Capital Projects	East Hartford/ Glastonbury Magnet Construction	Polaris Center Renovation	Capital Lease	Total
Revenues:					
Grants in aid	\$	\$	\$	\$	\$
Investment income					
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current					
Other objects					
Debt service:					
Principal					
Interest and fiscal charges					
Capital outlay				780,324	780,324
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,324</u>	<u>780,324</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(780,324)</u>	<u>(780,324)</u>
Other Financing Sources:					
Transfers in	155,076				155,076
Proceeds from capital lease				780,324	780,324
Total other financing sources	<u>155,076</u>	<u>-</u>	<u>-</u>	<u>780,324</u>	<u>935,400</u>
Net Change in Fund Balances	155,076	-	-	-	155,076
Fund Balances at Beginning of Year		(53,457)	(337)		(53,794)
Fund Balances at End of Year	<u>155,076</u>	<u>\$(53,457)</u>	<u>\$(337)</u>	<u>-</u>	<u>\$ 101,282</u>

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CAPITOL REGION EDUCATION COUNCIL

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Permanent Fund	Debt Service Funds			Special Revenues	Total Nonmajor Governmental Funds
	Narkin Scholarship Fund	Administration Center Parking Lot	Bond Issue Cost Center	Total	CREC Foundation Inc.	
Revenues:						
Grants in aid	\$	\$	\$	\$ -	\$ 188,653	\$ 188,653
Investment income			30,698	30,698		30,698
Total revenues	-	-	30,698	30,698	188,653	219,351
Expenditures:						
Current						
Other objects				-	188,770	188,770
Debt service:						
Principal		16,350	380,000	396,350		396,350
Interest and fiscal charges		8,829	214,470	223,299		223,299
Capital outlay				-		780,324
Total expenditures	-	25,179	594,470	619,649	188,770	1,588,743
Excess (Deficiency) of Revenues over Expenditures	-	(25,179)	(563,772)	(588,951)	(117)	(1,369,392)
Other Financing Sources:						
Transfers in		25,179	562,906	588,085		743,161
Proceeds from capital lease						780,324
Total other financing sources	-	25,179	562,906	588,085	-	1,523,485
Net Change in Fund Balances	-	-	(866)	(866)	(117)	154,093
Fund Balances at Beginning of Year	17,000	-	997,984	997,984		961,190
Fund Balances at End of Year	\$ 17,000	\$ -	\$ 997,118	\$ 997,118	\$ (117)	\$ 1,115,283

**Nonmajor
Enterprise Funds**

NONMAJOR ENTERPRISE FUNDS

MONTESSORI TRAINING CENTER OF NEW ENGLAND (MTCNE) - This program was created to provide individuals the opportunity to become AMI (Association Montessori Internationale) certified teachers. The training center serves to promote education through the scientific discoveries of child development based on Maria Montessori's theories.

LEARNING CORRIDOR THEATER - The Theater of the Performing Arts was built at the Learning Corridor and is part of the Greater Hartford Academy of the Arts complex. The Theater has many performances given by professional/visiting artists.

COOPERATIVE PURCHASING - The Cooperative Purchasing program provides high quality materials at the best price to CREC schools and participating school systems by pooling districts' purchasing power.

REGIONAL FINGERPRINTING SERVICES - A law enacted in 1994 requires Connecticut school districts to fingerprint all new hires for state and national criminal history checks. CREC provides a fingerprinting service to its member districts.

OFFICE OF COMMUNICATIONS - This program helps our divisions communicate effectively with internal and external audiences and now offers its writing, editing, public relations, marketing, advertising and graphic design services to external clients.

STAFF DEVELOPMENT - Curriculum and Staff Development provides professional development opportunities, training and technical assistance to the educators in CREC's 35 districts. Revenue is provided by sales of program services.

BEST SERVICES - Funds collected are used to support the training of school district teachers as part of the Beginning Educators Support Training program.

PROPERTY RENTAL - CREC has secured tenants for the available office space at our River Street School - Coltsville facility.

CONNECTICUT ASSOCIATION OF SCHOOL BUSINESS OFFICIALS (CASBO) - CREC provides administrative and financial support services to the Connecticut Association of School Business Officials.

CONFERENCE SERVICES - Conference facilities and the CREC cafeteria at the CREC Central Administrative Office are made available to CREC programs and outside agencies. The financial activity is accounted for in this fund.

TECHNICAL ASSISTANCE BROKERING SERVICE - Used to account for the operations of a full-service educational brokering service providing technical assistance training and consultation to local school districts, State agencies and CREC programs.

UNDERSTANDING BY DESIGN - Understanding By Design is a curriculum development approach that is directed at improving districts curriculum design, student outcomes and teacher and administrator professional development.

COMMUNITY EDUCATION - Community Education provides leadership, training and consulting services to improve the quality of adult education and deliver effective adult training and development across the state.

SCHOOL FACILITY SERVICES - CREC provides a host of school facility technical assistance services to local school districts. Some of these services include educational specification planning, SDE filings, architectural review assistance, budgeting and construction management and planning.

SCHOOL IMPROVEMENT CENTER - The School Improvement Center features a core set of key initiatives designed to leverage aspects of teaching and learning in order to promote student achievement. The key initiatives include Classroom Walkthrough Training, Curriculum Assessment and Instructional Services and Standard Based Report Cards.

CAPITOL REGION EDUCATION COUNCIL

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Montessori Training Center of New England</u>	<u>Learning Corridor Theater</u>	<u>Cooperative Purchasing</u>	<u>Regional Fingerprinting Services</u>	<u>Office of Communications</u>	<u>Staff Development</u>	<u>BEST Services</u>	<u>Property Rental</u>
Assets:								
Current:								
Cash and cash equivalents	\$ 38,353	\$	\$ 24,689	\$ 200	\$ 5,540	\$ 73,187	\$ 17,847	\$ 33,824
Accounts receivable		21,762	350	2,190			1,248	10,000
Other assets								
Total current assets	<u>38,353</u>	<u>21,762</u>	<u>25,039</u>	<u>2,390</u>	<u>5,540</u>	<u>73,187</u>	<u>19,095</u>	<u>43,824</u>
Noncurrent:								
Capital assets, net		1,937						7,695
Total assets	<u>38,353</u>	<u>23,699</u>	<u>25,039</u>	<u>2,390</u>	<u>5,540</u>	<u>73,187</u>	<u>19,095</u>	<u>51,519</u>
Liabilities:								
Current:								
Accounts payable and accrued liabilities	1,884	527	1,900	3,191				11,445
Due to other funds		68,707		8,439				
Deferred revenue	22,800				1,125			
Compensated absences								
Total current liabilities	<u>24,684</u>	<u>69,234</u>	<u>1,900</u>	<u>11,630</u>	<u>1,125</u>	<u>-</u>	<u>-</u>	<u>11,445</u>
Net Assets:								
Invested in capital assets, net of related debt		1,937						7,695
Unrestricted	<u>13,669</u>	<u>(47,472)</u>	<u>23,139</u>	<u>(9,240)</u>	<u>4,415</u>	<u>73,187</u>	<u>19,095</u>	<u>32,379</u>
Total Net Assets	<u>\$ 13,669</u>	<u>\$ (45,535)</u>	<u>\$ 23,139</u>	<u>\$ (9,240)</u>	<u>\$ 4,415</u>	<u>\$ 73,187</u>	<u>\$ 19,095</u>	<u>\$ 40,074</u>

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS (CONTINUED)

JUNE 30, 2007

	<u>CASBO Support Services</u>	<u>Conference Services</u>	<u>Technical Assistance Brokering Service</u>	<u>Understanding By Design</u>	<u>Community Education</u>	<u>School Facility Services</u>	<u>School Improvement Center</u>	<u>Total</u>
Assets:								
Current:								
Cash and cash equivalents	\$ 6,095	\$	\$ 81,672	\$	\$ 10,647	\$	\$	\$ 292,054
Accounts receivable	12,559	9,814	26,139		53,513	190,786	99,303	427,664
Other assets		6,237						6,237
Total current assets	<u>18,654</u>	<u>16,051</u>	<u>107,811</u>	<u>-</u>	<u>64,160</u>	<u>190,786</u>	<u>99,303</u>	<u>725,955</u>
Noncurrent:								
Capital assets, net					1,048	1,178		11,858
Total assets	<u>18,654</u>	<u>16,051</u>	<u>107,811</u>	<u>-</u>	<u>65,208</u>	<u>191,964</u>	<u>99,303</u>	<u>737,813</u>
Liabilities:								
Current:								
Accounts payable and accrued liabilities		5,434	675		81,854	22,503	55,776	185,189
Due to other funds		29,399		94,355		70,126	357,282	628,308
Deferred revenue			40,374				9,290	73,589
Compensated absences		4,057			2,670	11,066	11,905	29,698
Total current liabilities	<u>-</u>	<u>38,890</u>	<u>41,049</u>	<u>94,355</u>	<u>84,524</u>	<u>103,695</u>	<u>434,253</u>	<u>916,784</u>
Net Assets:								
Invested in capital assets, net of related debt					1,048	1,178		11,858
Unrestricted	18,654	(22,839)	66,762	(94,355)	(20,364)	87,091	(334,950)	(190,829)
Total Net Assets	<u>\$ 18,654</u>	<u>\$ (22,839)</u>	<u>\$ 66,762</u>	<u>\$ (94,355)</u>	<u>\$ (19,316)</u>	<u>\$ 88,269</u>	<u>\$ (334,950)</u>	<u>\$ (178,971)</u>

CAPITOL REGION EDUCATION COUNCIL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Montessori Training Center of New England</u>	<u>Learning Corridor Theater</u>	<u>Cooperative Purchasing</u>	<u>Regional Fingerprinting Services</u>	<u>Office of Communications</u>	<u>Staff Development</u>	<u>Best Services</u>	<u>Property Rental</u>
Operating Revenues:								
Sales of services	\$ 149,549	\$ 70,801	\$ 11,262	\$ 80,421	\$ 5,125	\$ 19,998	\$ 5,299	\$
Other local revenues	4,111	60						
Total operating revenues	<u>153,660</u>	<u>70,861</u>	<u>11,262</u>	<u>80,421</u>	<u>5,125</u>	<u>19,998</u>	<u>5,299</u>	<u></u>
Operating Expenses:								
Salaries	80,815	21,480		18,122			3,460	
Employee benefits	17,988	10,639		2,116		92	294	
Purchased professional and technical services	700		5,844				30	
Purchased property services		1,046		1,800				
Other purchased services	11,505	1,034	7,067	55,979	710	1,963	167	
Supplies	6,057	16,414	296	1,932		953		
Property	359	972						
Depreciation		647						1,351
Other	5,476							
Total operating expenses	<u>122,900</u>	<u>52,232</u>	<u>13,207</u>	<u>79,949</u>	<u>710</u>	<u>3,008</u>	<u>3,951</u>	<u>1,351</u>
Operating Income (Loss)	30,760	18,629	(1,945)	472	4,415	16,990	1,348	(1,351)
Nonoperating Revenue:								
Grants in aid								
Income (Loss) Before Transfers	30,760	18,629	(1,945)	472	4,415	16,990	1,348	(1,351)
Transfers In								1,351
Transfers Out	<u>(17,091)</u>	<u>(8,662)</u>					<u>(282)</u>	
Change in Net Assets	13,669	9,967	(1,945)	472	4,415	16,990	1,066	
Net Assets at Beginning of Year		<u>(55,502)</u>	<u>25,084</u>	<u>(9,712)</u>		<u>56,197</u>	<u>18,029</u>	<u>40,074</u>
Net Assets and End of Year	<u>\$ 13,669</u>	<u>\$ (45,535)</u>	<u>\$ 23,139</u>	<u>\$ (9,240)</u>	<u>\$ 4,415</u>	<u>\$ 73,187</u>	<u>\$ 19,095</u>	<u>\$ 40,074</u>

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CAPITOL REGION EDUCATION COUNCIL

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	CASBO Support Services	Conference Services	Technical Assistance Brokering Service	Understanding By Design	Community Education	School Facility Services	School Improvement Center	Total
Operating Revenues:								
Sales of services	\$ 16,539	\$ 156,205	\$ 374,537	\$ -	\$ 343,719	\$ 300,251	\$ 901,522	\$ 2,435,228
Other local revenues		8,362			1,800			14,333
Total operating revenues	<u>16,539</u>	<u>164,567</u>	<u>374,537</u>	<u>-</u>	<u>345,519</u>	<u>300,251</u>	<u>901,522</u>	<u>2,449,561</u>
Operating Expenses:								
Salaries	3,509	83,972	179,278		147,618	209,131	644,783	1,392,168
Employee benefits	305	26,307	59,152		32,538	24,770	79,182	253,383
Purchased professional and technical services		200	186,092		16,286	23,918	98,831	331,901
Purchased property services					1,950			4,796
Other purchased services	8,005	2,742	14,669		52,558	14,408	113,796	284,603
Supplies	705	67,319	30		58,139	334	54,784	206,963
Property Depreciation					830	40		1,371
Other			184			62		2,890
Total operating expenses	<u>12,524</u>	<u>180,540</u>	<u>439,405</u>	<u>-</u>	<u>309,919</u>	<u>272,663</u>	<u>991,376</u>	<u>2,483,735</u>
Operating Income (Loss)	4,015	(15,973)	(64,868)	-	35,600	27,588	(89,854)	(34,174)
Nonoperating Revenue:								
Grants in aid					5,840			5,840
Income (Loss) Before Transfers	4,015	(15,973)	(64,868)	-	41,440	27,588	(89,854)	(28,334)
Transfers In			112,447					113,798
Transfers Out	(1,070)		(26,036)		(26,288)	(30,000)	(22,220)	(131,649)
Change in Net Assets	2,945	(15,973)	21,543	-	15,152	(2,412)	(112,074)	(46,185)
Net Assets at Beginning of Year	15,709	(6,866)	45,219	(94,355)	(34,468)	90,681	(222,876)	(132,786)
Net Assets and End of Year	<u>\$ 18,654</u>	<u>\$ (22,839)</u>	<u>\$ 66,762</u>	<u>\$ (94,355)</u>	<u>\$ (19,316)</u>	<u>\$ 88,269</u>	<u>\$ (334,950)</u>	<u>\$ (178,971)</u>

CAPITOL REGION EDUCATION COUNCIL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Montessori Training Center of New England	Learning Corridor Theater	Cooperative Purchasing	Regional Fingerprinting Services	Office of Communications	Staff Development	BEST Services	Property Rental
Cash Flows from Operating Activities:								
Cash received from customers and users	\$ 176,460	\$ 51,000	\$ 10,962	\$ 78,927	6,250	\$ 19,998	\$ 4,607	\$
Cash received from interfund services provided		11,233						
Cash payments to suppliers	(23,737)	(21,465)	(18,307)	(58,048)	(710)	(2,916)	(197)	(1,703)
Cash payments to employees	(97,279)	(32,106)		(19,958)		(92)	(3,754)	
Cash payments for interfund services used				(721)				
Net cash provided by (used in) operating activities	<u>55,444</u>	<u>8,662</u>	<u>(7,345)</u>	<u>200</u>	<u>5,540</u>	<u>16,990</u>	<u>656</u>	<u>(1,703)</u>
Cash Flows from Noncapital Financing Activities:								
Grants in aid								
Transfers from other funds								1,351
Transfers to other funds	(17,091)	(8,662)					(282)	
Net cash provided by (used in) noncapital financing activities	<u>(17,091)</u>	<u>(8,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(282)</u>	<u>1,351</u>
Cash Flows from Capital and Related Financing Activities:								
Additions to property, plant and equipment								
Net Increase (Decrease) in Cash and Cash Equivalents	38,353	-	(7,345)	200	5,540	16,990	374	(352)
Cash and Cash Equivalents at Beginning of Year	-	-	32,034	-	-	56,197	17,473	34,176
Cash and Cash Equivalents at End of Year	<u>\$ 38,353</u>	<u>\$ -</u>	<u>\$ 24,689</u>	<u>\$ 200</u>	<u>\$ 5,540</u>	<u>\$ 73,187</u>	<u>\$ 17,847</u>	<u>\$ 33,824</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:								
Operating Loss	\$ 30,760	\$ 18,629	\$ (1,945)	\$ 472	4,415	\$ 16,990	\$ 1,348	\$ (1,351)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:								
Depreciation		647						1,351
Change in assets and liabilities:								
(Increase) decrease in accounts receivable		(19,861)	(300)	(1,494)			(692)	
(Increase) decrease in other assets								
Increase (decrease) in accounts payable and accrued liabilities	1,884	(1,986)	(5,100)	1,943				(1,703)
Increase (decrease) in compensated absences								
Increase (decrease) in due to other funds		11,233		(721)				
Increase (decrease) in deferred revenues	22,800				1,125			
Total adjustments	<u>24,684</u>	<u>(9,967)</u>	<u>(5,400)</u>	<u>(272)</u>	<u>1,125</u>	<u>-</u>	<u>(692)</u>	<u>(352)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 55,444</u>	<u>\$ 8,662</u>	<u>\$ (7,345)</u>	<u>\$ 200</u>	<u>\$ 5,540</u>	<u>\$ 16,990</u>	<u>\$ 656</u>	<u>\$ (1,703)</u>

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007

	CASBO Support Services	Conference Services	Technical Assistance Brokering Service	Understanding By Design	Community Education	School Facility Services	School Improvement Center	Total
Cash Flows from Operating Activities:								
Cash received from customers and users	\$ 12,818	\$ 162,011	\$ 351,394	\$ -	\$ 306,751	\$ 396,310	\$ 868,094	\$ 2,445,582
Cash received from interfund services provided		16,595		853			83,490	112,171
Cash payments to suppliers	(8,710)	(72,453)	(203,097)	(662)	(76,968)	(30,687)	(233,686)	(753,346)
Cash payments to employees	(3,818)	(106,153)	(242,252)	(191)	(174,115)	(221,222)	(695,678)	(1,596,618)
Cash payments for interfund services used					(24,573)	(113,161)		(138,455)
Net cash provided by (used in) operating activities	<u>290</u>	<u>-</u>	<u>(93,955)</u>	<u>-</u>	<u>31,095</u>	<u>31,240</u>	<u>22,220</u>	<u>69,334</u>
Cash Flows from Noncapital Financing Activities:								
Grants in aid					5,840			5,840
Transfers from other funds			112,447					113,798
Transfers to other funds	(1,070)		(26,036)		(26,288)	(30,000)	(22,220)	(131,649)
Net cash provided by (used in) noncapital financing activities	<u>(1,070)</u>	<u>-</u>	<u>86,411</u>	<u>-</u>	<u>(20,448)</u>	<u>(30,000)</u>	<u>(22,220)</u>	<u>(12,011)</u>
Cash Flows from Capital and Related Financing Activities:								
Additions to property, plant and equipment						(1,240)		(1,240)
Net Increase (Decrease) in Cash and Cash Equivalents	(780)	-	(7,544)	-	10,647	-	-	56,083
Cash and Cash Equivalents at Beginning of Year	<u>6,875</u>	<u>-</u>	<u>89,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,971</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,095</u>	<u>\$ -</u>	<u>\$ 81,672</u>	<u>\$ -</u>	<u>\$ 10,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,054</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:								
Operating Loss	\$ 4,015	\$ (15,973)	\$ (64,868)	\$ -	\$ 35,600	\$ 27,588	\$ (89,854)	\$ (34,174)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:								
Depreciation					830	62		2,890
Change in assets and liabilities:								
(Increase) decrease in accounts receivable	(3,721)	(2,556)	(679)		(31,768)	96,059	57,207	92,195
(Increase) decrease in other assets		(186)						(186)
Increase (decrease) in accounts payable and accrued liabilities	(4)	1,314	(5,944)	(853)	56,112	15,858	53,249	114,770
Increase (decrease) in compensated absences		806			1,894	4,834	8,763	16,297
Increase (decrease) in due to other funds		16,595		853	(24,573)	(113,161)	83,490	(26,284)
Increase (decrease) in deferred revenues			(22,464)		(7,000)		(90,635)	(96,174)
Total adjustments	<u>(3,725)</u>	<u>15,973</u>	<u>(29,087)</u>	<u>-</u>	<u>(4,505)</u>	<u>3,652</u>	<u>112,074</u>	<u>103,508</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ (93,955)</u>	<u>\$ -</u>	<u>\$ 31,095</u>	<u>\$ 31,240</u>	<u>\$ 22,220</u>	<u>\$ 69,334</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

CREC STAFF DEVELOPMENT - Funds contributed by all CREC operating programs that support a coordinated internal staff development program for all CREC staff members.

CREC WIDE AREA NETWORK - An Internal Service Fund developed for centralizing organization-wide technology costs and allocating costs to the internal users of these services.

COPY CENTER - The CREC Copy Center offers a variety of services including copying, offset printing, mailing and assembly of printed materials to CREC programs, interested school systems and nonprofit organizations.

SELF INSURANCE - CREC's employee health insurance is primarily provided by a self-insured fund administered by Blue Cross/Blue Shield of Connecticut. This program accounts for all CREC health insurance activity and is responsible for maintaining the required reserves to provide health insurance coverage.

CREC UNEMPLOYMENT - The CREC Unemployment Fund is a self-funded program to cover unemployment compensation costs incurred by the agency. CREC funds its unemployment claims to the State Unemployment Compensation Fund under the reimbursement method as opposed to the taxable method.

EMPLOYEE BENEFIT FUND - CREC sponsors the CREC 403(b) Retirement Plan, which was established July 1, 1997. It provides benefits at retirement to all non-certified employees of CREC. CREC matches eligible member contributions up to 5% of covered salary.

CAPITOL REGION EDUCATION COUNCIL

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>CREC Staff Development</u>	<u>CREC Wide Area Network</u>	<u>Copy Center</u>	<u>Self Insurance</u>	<u>CREC Unemployment</u>	<u>Employee Benefit Fund</u>	<u>Total</u>
Assets:							
Current:							
Cash and cash equivalents	\$ 57,900	\$ 330,625	\$ 176,770	\$ 2,143,804	\$ 1,144,240	\$ 754,741	\$ 4,608,080
Accounts receivable		72,602		7,234			79,836
Other assets	5,917		8,680				14,597
Total current assets	<u>63,817</u>	<u>403,227</u>	<u>185,450</u>	<u>2,151,038</u>	<u>1,144,240</u>	<u>754,741</u>	<u>4,702,513</u>
Noncurrent:							
Capital assets, net		110,131	7,552				117,683
Total assets	<u>63,817</u>	<u>513,358</u>	<u>193,002</u>	<u>2,151,038</u>	<u>1,144,240</u>	<u>754,741</u>	<u>4,820,196</u>
Liabilities:							
Current:							
Accounts payable and accrued liabilities		152,682	11,344	580,206	17,336		761,568
Current portion of obligations under capital lease		14,594	3,453				18,047
Current portion of compensated absences		22,096	1,494	8,144			31,734
Total current liabilities	<u>-</u>	<u>189,372</u>	<u>16,291</u>	<u>588,350</u>	<u>17,336</u>	<u>-</u>	<u>811,349</u>
Noncurrent:							
Obligations under capital lease		23,015					23,015
Total liabilities	<u>-</u>	<u>212,387</u>	<u>16,291</u>	<u>588,350</u>	<u>17,336</u>	<u>-</u>	<u>834,364</u>
Net Assets:							
Invested in capital assets, net of related debt		72,522	4,099				76,621
Unrestricted	63,817	228,449	172,612	1,562,688	1,126,904	754,741	3,909,211
Total Net Assets	<u>\$ 63,817</u>	<u>\$ 300,971</u>	<u>\$ 176,711</u>	<u>\$ 1,562,688</u>	<u>\$ 1,126,904</u>	<u>\$ 754,741</u>	<u>\$ 3,985,832</u>

CAPITOL REGION EDUCATION COUNCIL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>CREC Staff Development</u>	<u>CREC Wide Area Network</u>	<u>Copy Center</u>	<u>Self Insurance</u>	<u>CREC Unemployment</u>	<u>Employee Benefit Fund</u>	<u>Total</u>
Operating Revenues:							
Sales of services	\$ 90,270	\$ 1,545,165	\$ 237,106	\$ 7,797,521	\$ 253,820	\$ 754,309	\$ 10,678,191
Other local revenues	5,943			1,053,410			1,059,353
Total operating revenues	<u>96,213</u>	<u>1,545,165</u>	<u>237,106</u>	<u>8,850,931</u>	<u>253,820</u>	<u>754,309</u>	<u>11,737,544</u>
Operating Expenses:							
Salaries	15,278	699,050	36,867	297,278			1,048,473
Employee benefits	2,747	161,788	12,920	8,238,213	94,410	757,427	9,267,505
Purchased professional and technical services	13,833	62,704		75,542	4,440		156,519
Purchased property services		27,087	22,458	950			50,495
Other purchased services	64,355	357,555	77,749	11,043			510,702
Supplies		1,762	18,140	9,733			29,635
Property		43,115	4,574	1,943			49,632
Depreciation		36,410	2,613				39,023
Other				882			882
Total operating expenses	<u>96,213</u>	<u>1,389,471</u>	<u>175,321</u>	<u>8,635,584</u>	<u>98,850</u>	<u>757,427</u>	<u>11,152,866</u>
Operating Income (Loss)	<u>-</u>	<u>155,694</u>	<u>61,785</u>	<u>215,347</u>	<u>154,970</u>	<u>(3,118)</u>	<u>584,678</u>
Nonoperating Revenue:							
Income on investments				2,498			2,498
Income (Loss) Before Transfers	-	155,694	61,785	217,845	154,970	(3,118)	587,176
Transfers out		(11,000)	(47,174)				(58,174)
Change in net assets	-	144,694	14,611	217,845	154,970	(3,118)	529,002
Net Assets at Beginning of Year	<u>63,817</u>	<u>156,277</u>	<u>162,100</u>	<u>1,344,843</u>	<u>971,934</u>	<u>757,859</u>	<u>3,456,830</u>
Net Assets at End of Year	<u>\$ 63,817</u>	<u>\$ 300,971</u>	<u>\$ 176,711</u>	<u>\$ 1,562,688</u>	<u>\$ 1,126,904</u>	<u>\$ 754,741</u>	<u>\$ 3,985,832</u>

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CAPITOL REGION EDUCATION COUNCIL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	CREC Staff Development	CREC Wide Area Network	Copy Center	Self Insurance	CREC Unemployment	Employee Benefit Fund	Total
Cash Flows from Operating Activities:							
Cash received from customers and users	\$ 93,713	\$ 1,476,541	\$ 237,106	\$ 8,847,334	\$ 253,820	\$ 754,309	\$ 11,662,823
Cash payments to suppliers	(85,705)	(408,745)	(109,610)	(71,195)	(2,783)		(678,038)
Cash payments to employees	(18,025)	(836,821)	(48,189)	(8,527,066)	(94,410)	(757,427)	(10,281,938)
Net cash provided by (used in) operating activities	<u>(10,017)</u>	<u>230,975</u>	<u>79,307</u>	<u>249,073</u>	<u>156,627</u>	<u>(3,118)</u>	<u>702,847</u>
Cash Flows from Noncapital Financing Activities:							
Transfers to other funds	-	(11,000)	(47,174)	-	-	-	(58,174)
Cash Flows from Capital and Related Financing Activities:							
Proceeds from capital lease		44,676					44,676
Principal payments on obligations under capital lease		(7,067)	(7,821)				(14,888)
Additions to property, plant and equipment		(50,354)	(7,390)				(57,744)
Net cash used in capital and related financing activities	<u>-</u>	<u>(12,745)</u>	<u>(15,211)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,956)</u>
Cash Flows from Investing Activities:							
Interest on investments	-	-	-	2,498	-	-	2,498
Net Increase (Decrease) in Cash and Cash Equivalents	(10,017)	207,230	16,922	251,571	156,627	(3,118)	619,215
Cash and Cash Equivalents at Beginning of Year	67,917	123,395	159,848	1,892,233	987,613	757,859	3,988,865
Cash and Cash Equivalents at End of Year	<u>\$ 57,900</u>	<u>\$ 330,625</u>	<u>\$ 176,770</u>	<u>\$ 2,143,804</u>	<u>\$ 1,144,240</u>	<u>\$ 754,741</u>	<u>\$ 4,608,080</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ -	\$ 155,694	\$ 61,785	\$ 215,347	\$ 154,970	\$ (3,118)	\$ 584,678
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation		36,410	2,613				39,023
Change in assets and liabilities:							
(Increase) decrease in accounts receivable		(68,624)		(3,597)			(72,221)
(Increase) decrease in other assets	(5,917)		10,767				4,850
Increase (decrease) in accounts payable and accrued liabilities	(1,600)	107,271	4,521	36,177	1,657		148,026
Increase (decrease) in compensated absences		224	(379)	1,146			991
Increase (decrease) in deferred revenues	(2,500)						(2,500)
Total adjustments	<u>(10,017)</u>	<u>75,281</u>	<u>17,522</u>	<u>33,726</u>	<u>1,657</u>	<u>-</u>	<u>118,169</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ (10,017)</u>	<u>\$ 230,975</u>	<u>\$ 79,307</u>	<u>\$ 249,073</u>	<u>\$ 156,627</u>	<u>\$ (3,118)</u>	<u>\$ 702,847</u>

Fiduciary Funds

FIDUCIARY FUNDS

RIVER STREET SCHOOL EQUIPMENT ESCROW - Earnings from activities for equipment and contributions from others held by CREC on behalf of the River Street School.

RIVER STREET SCHOOL-COLTSVILLE - Earnings from student activity projects and contributions from others held by CREC on behalf of the River Street School students at Coltsville.

GREATER HARTFORD ACADEMY OF THE ARTS - Student Activity funds held on behalf of the students of the Academy to be used to further special activities at the school.

METROPOLITAN LEARNING CENTER - Funds earned by the students of MLC from special projects, held by CREC to be used to finance future projects and activities.

SPECIAL EDUCATION ESCROW - Funds held on behalf of member districts for special education.

RIVER STREET SCHOOL - Earnings from student activity projects and contributions from others held by CREC on behalf of the River Street School students.

GREAT PATH ACADEMY - Funds held on behalf of the students of the school.

STATEWIDE RESCS - Funds held by CREC as fiduciary of the CT RESC Alliance to be used to support joint activities.

GREATER HARTFORD ACADEMY OF MATHEMATICS AND SCIENCE MAGNET SCHOOL ESCROW - Student Activity funds held on behalf of the students of the Academy to be used to further special activities at the school.

INTEGRATED PROGRAM MODEL - Student activity funds held on behalf of the students of the program.

EAST HARTFORD/GLASTONBURY MAGNET SCHOOL ESCROW - Funds held on behalf of the students of the school.

RESC ALLIANCE MINORITY RECRUITING - Member district funds, held by CREC, to be used to further the Minority Recruiting Program.

CREC CHARTER OAK ESCROW - Funds contributed by CREC staff housed in the Central Administrative Building are used to support monthly staff activities.

POLARIS STUDENT ACTIVITY FUND - Funds held on behalf of the students of the Polaris Center.

CHOICE ESCROW - Funds held on behalf of the students of the Choice program.

TWO RIVERS ESCROW - Funds held on behalf of the students of the school.

MONTESSORI MAGNET SCHOOL - Funds held on behalf of the students of the school.

CAPITOL REGION EDUCATION COUNCIL

FIDUCIARY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2007

	<u>RSS Equipment Escrow</u>	<u>River Street/ Coltsville</u>	<u>Greater Hartford Academy of the Arts</u>	<u>Metropolitan Learning Center</u>	<u>Special Education Escrow</u>	<u>River Street School</u>	<u>Great Path Academy</u>	<u>Statewide RESCS Escrow</u>	<u>GHAMAS Escrow</u>
Assets:									
Cash and cash equivalents	\$ 7,589	\$ 1,070	\$ 85,333	\$ 16,107	\$ 277,827	\$ 120,982	\$ 631	\$ 8,880	\$ 1,154
Total Assets	<u>\$ 7,589</u>	<u>\$ 1,070</u>	<u>\$ 85,333</u>	<u>\$ 16,107</u>	<u>\$ 277,827</u>	<u>\$ 120,982</u>	<u>\$ 631</u>	<u>\$ 8,880</u>	<u>\$ 1,154</u>
Liabilities:									
Accounts payable	\$	\$	\$ 1,616	\$	\$	\$ 2,250	\$	\$ 4,800	\$
Fiduciary deposits	<u>7,589</u>	<u>1,070</u>	<u>83,717</u>	<u>16,107</u>	<u>277,827</u>	<u>118,732</u>	<u>631</u>	<u>4,080</u>	<u>1,154</u>
Total Liabilities	<u>\$ 7,589</u>	<u>\$ 1,070</u>	<u>\$ 85,333</u>	<u>\$ 16,107</u>	<u>\$ 277,827</u>	<u>\$ 120,982</u>	<u>\$ 631</u>	<u>\$ 8,880</u>	<u>\$ 1,154</u>

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CAPITOL REGION EDUCATION COUNCIL
FIDUCIARY FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2007

	<u>Integrated Program Model</u>	<u>East Hartford/ Glastonbury Magnet School Escrow</u>	<u>RESC Alliance Minority Recruiting</u>	<u>CREC Charter Oak Escrow</u>	<u>Polaris Student Activity</u>	<u>Choice Escrow</u>	<u>Two Rivers Escrow</u>	<u>Montessori Magnet School</u>	<u>Total</u>
Assets:									
Cash and cash equivalents	\$ 235	\$ 1,914	\$ 2,626	\$ 199	\$ 1,862	\$ 1,331	\$ 25,098	\$ 8,908	\$ 561,746
Total Assets	<u>\$ 235</u>	<u>\$ 1,914</u>	<u>\$ 2,626</u>	<u>\$ 199</u>	<u>\$ 1,862</u>	<u>\$ 1,331</u>	<u>\$ 25,098</u>	<u>\$ 8,908</u>	<u>\$ 561,746</u>
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$	\$	\$ 16	\$	\$ 8,682
Fiduciary deposits	<u>235</u>	<u>1,914</u>	<u>2,626</u>	<u>199</u>	<u>1,862</u>	<u>1,331</u>	<u>25,082</u>	<u>8,908</u>	<u>553,064</u>
Total Liabilities	<u>\$ 235</u>	<u>\$ 1,914</u>	<u>\$ 2,626</u>	<u>\$ 199</u>	<u>\$ 1,862</u>	<u>\$ 1,331</u>	<u>\$ 25,098</u>	<u>\$ 8,908</u>	<u>\$ 561,746</u>

CAPITOL REGION EDUCATION COUNCIL

AGENCY FUNDS

STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
ASSETS				
Cash and Cash Equivalents:				
RSS Equipment Escrow	\$ 4,809	\$ 3,429	\$ 649	\$ 7,589
River Street/Coltsville	1,020	50		1,070
Greater Hartford Arts Academy	62,191	92,108	68,966	85,333
Metropolitan Learning Center	11,504	4,620	17	16,107
Special Education Escrow	75,152	203,890	1,215	277,827
River Street School	99,526	46,668	25,212	120,982
Great Path Academy	464	167		631
Statewide RESCS Escrow	32,837	46,800	70,757	8,880
GHAMAS Escrow	1,251		97	1,154
Integrated Program Model	235			235
East Hartford/Glastonbury Magnet School Escrow	2,776	83	945	1,914
RESC Alliance Minority Recruiting	7,181		4,555	2,626
CREC Charter Oak Escrow	199			199
Polaris Student Activity	1,862			1,862
Choice Escrow	1,175	156		1,331
Two Rivers Escrow	11,278	19,932	6,112	25,098
Montessori Magnet School	5,161	4,902	1,155	8,908
	<u>318,621</u>	<u>422,805</u>	<u>179,680</u>	<u>561,746</u>
Total cash and cash equivalents	318,621	422,805	179,680	561,746
Other Assets:				
Statewide RESCS Escrow	<u>1,345</u>	<u></u>	<u>1,345</u>	<u>-</u>
Total Assets	<u>\$ 319,966</u>	<u>\$ 422,805</u>	<u>\$ 181,025</u>	<u>\$ 561,746</u>

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CAPITOL REGION EDUCATION COUNCIL

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
LIABILITIES				
Accounts Payable:				
Greater Hartford Academy of the Arts	\$	\$ 1,616	\$	\$ 1,616
River Street School		2,250		2,250
Statewide RESCS Escrow		4,800		4,800
Two Rivers Escrow	481		465	16
	<u>481</u>		<u>465</u>	<u>16</u>
Total accounts payable	<u>481</u>	<u>8,666</u>	<u>465</u>	<u>8,682</u>
Fiduciary Deposits:				
RSS Equipment Escrow	4,809	3,429	649	7,589
River Street/Coltsville	1,020	50		1,070
Greater Hartford Academy of the Arts	62,191	90,492	68,966	83,717
Metropolitan Learning Center	11,504	4,620	17	16,107
Special Education Escrow	75,152	203,890	1,215	277,827
River Street School	99,526	44,418	25,212	118,732
Great Path Academy	464	167		631
Statewide RESCS Escrow	34,182	42,000	72,102	4,080
GHAMAS Escrow	1,251		97	1,154
Integrated Program Model	235			235
East Hartford/Glastonbury Magnet School Escrow	2,776	83	945	1,914
RESC Alliance Minority Recruiting	7,181		4,555	2,626
CREC Charter Oak Escrow	199			199
Polaris Student Activity	1,862			1,862
Choice Escrow	1,175	156		1,331
Two Rivers Escrow	10,797	19,932	5,647	25,082
Montessori Magnet School	5,161	4,902	1,155	8,908
	<u>319,485</u>	<u>414,139</u>	<u>180,560</u>	<u>553,064</u>
Total fiduciary deposits	<u>319,485</u>	<u>414,139</u>	<u>180,560</u>	<u>553,064</u>
Total Liabilities	<u>\$ 319,966</u>	<u>\$ 422,805</u>	<u>\$ 181,025</u>	<u>\$ 561,746</u>

**Capital Assets Used in the
Operation of Governmental Funds**

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

CREC's capitalization policy requires the recording of capital assets with original cost of \$1,000 or more and an estimated useful life in excess of two years. Provision for depreciation is not included in the schedules.

CAPITOL REGION EDUCATION COUNCIL
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Governmental Funds Capital Assets		
Land	\$ 2,224,925	\$ 2,224,925
Buildings and improvements	67,352,840	63,806,061
Vehicles	1,076,174	924,154
Furniture, fixtures and improvements	5,711,088	6,443,680
Construction in progress	<u>62,657</u>	<u>3,341,079</u>
Total	<u>\$ 76,427,684</u>	<u>\$ 76,739,899</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 31,418,154	\$ 31,728,440
Special Revenue Fund	121,364	123,293
Capital Projects Fund	<u>44,888,166</u>	<u>44,888,166</u>
Total	<u>\$ 76,427,684</u>	<u>\$ 76,739,899</u>

CAPITOL REGION EDUCATION COUNCIL
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2007

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Vehicles</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Education	\$ 1,892,925	\$ 63,985,134	\$ 1,061,739	\$ 4,841,774	\$ 62,657	\$ 71,844,229
Facilities	332,000	3,367,706	14,435	279,107		3,993,248
Administration				590,207		590,207
Total	<u>\$ 2,224,925</u>	<u>\$ 67,352,840</u>	<u>\$ 1,076,174</u>	<u>\$ 5,711,088</u>	<u>\$ 62,657</u>	<u>\$ 76,427,684</u>

CAPITOL REGION EDUCATION COUNCIL

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Funds Capital Assets July 1, 2006	Additions	Deductions	Governmental Funds Capital Assets June 30, 2007
Education	\$ 72,049,240	\$ 578,060	\$ (783,071)	\$ 71,844,229
Facilities	3,901,298	91,950		3,993,248
Administration	<u>789,361</u>	<u>7,026</u>	<u>(206,180)</u>	<u>590,207</u>
Total	<u>\$ 76,739,899</u>	<u>\$ 677,036</u>	<u>\$ (989,251)</u>	<u>\$ 76,427,684</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

CAPITOL REGION EDUCATION COUNCIL

NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

(In Thousands)

	FISCAL YEAR				
	2007	2006	2005	2004	2003
Governmental activities:					
Invested in capital assets, net of related debt	\$ 51,159	\$ 51,855	\$ 54,229	\$ 54,212	\$ 49,973
Restricted	17	17	17	17	
Unrestricted	<u>17,039</u>	<u>15,556</u>	<u>13,058</u>	<u>11,509</u>	<u>11,430</u>
Total Governmental Activities Net Assets	<u>\$ 68,215</u>	<u>\$ 67,428</u>	<u>\$ 67,304</u>	<u>\$ 65,738</u>	<u>\$ 61,403</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 13	\$ 17	\$ 37	\$ 45	\$ 75
Unrestricted	<u>(849)</u>	<u>(635)</u>	<u>(300)</u>	<u>175</u>	<u>475</u>
Total Business-Type Activities Net Assets	<u>\$ (836)</u>	<u>\$ (618)</u>	<u>\$ (263)</u>	<u>\$ 220</u>	<u>\$ 550</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 51,172	\$ 51,872	\$ 54,266	\$ 54,257	\$ 50,048
Restricted	17	17	17	17	
Unrestricted	<u>16,190</u>	<u>14,921</u>	<u>12,758</u>	<u>11,684</u>	<u>11,905</u>
Total Primary Government Net Assets	<u>\$ 67,379</u>	<u>\$ 66,810</u>	<u>\$ 67,041</u>	<u>\$ 65,958</u>	<u>\$ 61,953</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting

(2) CREC began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

CAPITOL REGION EDUCATION COUNCIL
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(In Thousands)

TABLE 2

	FISCAL YEAR				
	2007	2006	2005	2004	2003
Expenses:					
Governmental activities:					
Education	\$ 94,926	\$ 94,321	\$ 88,144	\$ 79,591	\$ 69,789
Facilities	731	420	617	513	482
Administration	4,639	4,577	4,502	4,902	5,716
Interest on debt	216	242	265	294	317
Total governmental activities expenses	<u>100,512</u>	<u>99,560</u>	<u>93,528</u>	<u>85,300</u>	<u>76,304</u>
Business-type activities:					
Montessori Training Center of New England	123				
Learning Corridor Theater	52	73	86	9	65
Cooperative Purchasing	13	13	1	5	6
Regional Fingerprinting Service	80	62	66	49	60
Office of Communications	1				
Staff Development	3	15	9	4	9
BEST Services	4	1	3	2	29
Property Rental	1	18	27	47	35
CASBO Support Services	13	12	4	8	10
Conference Services	181	166	154	143	128
Technology Sale of Services	604	532	584	1,740	1,219
Farmington Valley Director			2	7	6
Technical Assistance Brokering Service	439	876	194	257	2,502
Understanding By Design		41	155	123	
Community Education	310	127	156	222	170
School Facility Services	273	326	388	330	174
School Improvement Center	991	653	394	136	64
Total business-type activities expense	<u>3,088</u>	<u>2,915</u>	<u>2,223</u>	<u>3,082</u>	<u>4,477</u>
Total Primary Government Expenses	<u>\$ 103,600</u>	<u>\$ 102,475</u>	<u>\$ 95,751</u>	<u>\$ 88,382</u>	<u>\$ 80,781</u>
Program revenues:					
Governmental activities:					
Charges for services	\$ 50,200	\$ 48,920	\$ 41,234	\$ 36,988	\$ 32,958
Operating grants and contributions	50,100	51,163	51,731	46,964	38,880
Capital grants and contributions	1,183	1,183	1,424	5,219	4,816
Total governmental activities program revenues	<u>100,300</u>	<u>101,266</u>	<u>94,389</u>	<u>89,171</u>	<u>76,654</u>
Business-type activities:					
Charges for services	2,853	2,351	1,905	2,793	3,393
Operating grants and contributions	118	166	8	15	1,330
Total business-type activities program revenues	<u>2,971</u>	<u>2,517</u>	<u>1,913</u>	<u>2,808</u>	<u>4,723</u>
Total Primary Government Program Revenues	<u>\$ 103,271</u>	<u>\$ 103,783</u>	<u>\$ 96,302</u>	<u>\$ 91,979</u>	<u>\$ 81,377</u>
Net (expense) revenue:					
Governmental activities	\$ (212)	\$ 1,706	\$ 861	\$ 3,871	\$ 350
Business-type activities	<u>(117)</u>	<u>(398)</u>	<u>(310)</u>	<u>(274)</u>	<u>246</u>
Total Primary Government Net Expense	<u>\$ (329)</u>	<u>\$ 1,308</u>	<u>\$ 551</u>	<u>\$ 3,597</u>	<u>\$ 596</u>
General revenues and other changes in net assets:					
Governmental activities:					
Grants and contributions not restricted to specific purposes	\$ 359	\$ 359	\$ 359	\$ 336	\$ 374
Unrestricted investment earnings	539	445	173	72	101
Extraordinary items		(2,343)			
Transfers	101	(43)	173	56	32
Total governmental activities	<u>999</u>	<u>(1,582)</u>	<u>705</u>	<u>464</u>	<u>507</u>
Business-type activities:					
Transfers	(101)	43	(173)	(56)	(32)
Total business-type activities	<u>(101)</u>	<u>43</u>	<u>(173)</u>	<u>(56)</u>	<u>(32)</u>
Total Primary Government	<u>\$ 898</u>	<u>\$ (1,539)</u>	<u>\$ 532</u>	<u>\$ 408</u>	<u>\$ 475</u>
Changes in net assets:					
Governmental activities	\$ 787	\$ 124	\$ 1,566	\$ 4,335	\$ 857
Business-type activities	<u>(218)</u>	<u>(355)</u>	<u>(483)</u>	<u>(330)</u>	<u>214</u>
Total Primary Government	<u>\$ 569</u>	<u>\$ (231)</u>	<u>\$ 1,083</u>	<u>\$ 4,005</u>	<u>\$ 1,071</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) CREC began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

CAPITOL REGION EDUCATION COUNCIL

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund:										
Reserved	\$ 34	\$ 73	\$ 73	\$ 34	\$ 64	\$ 59	\$ 55	\$ 74	\$ 81	\$ 43
Unreserved	<u>10,805</u>	<u>9,497</u>	<u>8,796</u>	<u>8,474</u>	<u>8,242</u>	<u>8,163</u>	<u>8,223</u>	<u>6,381</u>	<u>5,793</u>	<u>5,223</u>
Total General Fund	<u>\$ 10,839</u>	<u>\$ 9,570</u>	<u>\$ 8,869</u>	<u>\$ 8,508</u>	<u>\$ 8,306</u>	<u>\$ 8,222</u>	<u>\$ 8,278</u>	<u>\$ 6,455</u>	<u>\$ 5,874</u>	<u>\$ 5,266</u>
All other governmental funds:										
Reserved	\$ 1,014	\$ 1,015	\$ 1,001	\$ 1,173	\$ 1,166	\$ 1,156	\$ 4,879	\$ 4,810	\$ 1,027	\$ 938
Unreserved, reported in:										
Special revenue funds	(361)	(335)	(435)	(40)	63	251	289	93	(144)	(116)
Capital projects funds	<u>101</u>	<u>(399)</u>	<u>(405)</u>	<u>(668)</u>	<u>(968)</u>	<u>(1,480)</u>	<u>(1,089)</u>	<u>(1,096)</u>	<u>(1,188)</u>	<u>(1,777)</u>
Total All Other Governmental Funds	<u>\$ 754</u>	<u>\$ 281</u>	<u>\$ 161</u>	<u>\$ 465</u>	<u>\$ 261</u>	<u>\$ (73)</u>	<u>\$ 4,079</u>	<u>\$ 3,807</u>	<u>\$ (305)</u>	<u>\$ (955)</u>

Note: Schedule prepared on the modified accrual basis of accounting.

CAPITOL REGION EDUCATION COUNCIL
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Tuition	\$ 24,881	\$ 22,259	\$ 20,092	\$ 18,268	\$ 16,402	\$ 15,287	\$ 13,471	\$ 11,450	\$ 11,148	\$ 11,203
Grants in aid	46,153	51,752	51,588	49,381	44,139	47,431	61,748	32,424	18,579	10,310
Room and board	4,195	3,770	3,443	3,249	3,387	3,338	3,368	2,909	2,693	2,262
Sales of services	25,218	23,655	19,429	18,380	12,808	10,027	8,721	6,754	6,730	5,246
Investment income	537	442	171	71	100	273	765	366	237	334
Other local revenues	330	299	598	340	388	279	356	308	421	329
Total revenues	<u>101,314</u>	<u>102,177</u>	<u>95,321</u>	<u>89,689</u>	<u>77,224</u>	<u>76,635</u>	<u>88,429</u>	<u>54,211</u>	<u>39,808</u>	<u>29,684</u>
Expenditures:										
Current:										
Special Programs	90,594	90,471	87,025	77,331	66,579	67,405	62,618	38,814	33,814	24,357
Facilities/Service Center	673	551	494	429	422	527	482	568	368	355
Administration	7,843	7,231	5,826	5,727	5,560	4,920	4,234	3,692	3,392	3,225
Debt service:										
Principal	396	367	356	371	351	351	336	370	379	371
Interest	223	248	272	295	317	339	359	387	402	559
Capital outlay	780	2,982	1,479	6,278	3,626	7,325	18,431	6,073	332	109
Total expenditures	<u>100,509</u>	<u>101,850</u>	<u>95,452</u>	<u>90,431</u>	<u>76,855</u>	<u>80,867</u>	<u>86,460</u>	<u>49,904</u>	<u>38,687</u>	<u>28,976</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>805</u>	<u>327</u>	<u>(131)</u>	<u>(742)</u>	<u>369</u>	<u>(4,232)</u>	<u>1,969</u>	<u>4,307</u>	<u>1,121</u>	<u>708</u>
Other Financing Sources (Uses):										
Transfers in	2,540	3,129	2,086	2,063	2,359	1,782	893	2,298	8,522	7,866
Transfers out	(2,382)	(3,136)	(1,898)	(1,974)	(2,327)	(1,758)	(840)	(2,261)	(8,484)	(7,717)
Proceeds from debt obligation							34	41		
Proceeds from capital lease	780	500		1,059			26	308		
Total other financing sources (uses)	<u>938</u>	<u>493</u>	<u>188</u>	<u>1,148</u>	<u>32</u>	<u>24</u>	<u>113</u>	<u>386</u>	<u>38</u>	<u>149</u>
Net Change in Fund Balances	<u>\$ 1,743</u>	<u>\$ 820</u>	<u>\$ 57</u>	<u>\$ 406</u>	<u>\$ 401</u>	<u>\$ (4,208)</u>	<u>\$ 2,082</u>	<u>\$ 4,693</u>	<u>\$ 1,159</u>	<u>\$ 857</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.6%</u>	<u>0.6%</u>	<u>0.7%</u>	<u>0.8%</u>	<u>0.9%</u>	<u>0.9%</u>	<u>1.0%</u>	<u>1.8%</u>	<u>2.1%</u>	<u>3.3%</u>

Note: Schedule prepared on the modified accrual basis of accounting.

**CAPITOL REGION EDUCATION COUNCIL
REVENUE BY SOURCE
ALL FUND TYPES**

<u>Member Boards of Education</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Avon	\$ 432,721	\$ 437,309	\$ 481,966	\$ 287,738	\$ 237,440
Berlin	512,471	522,508	656,446	416,350	270,458
Bloomfield	1,247,505	1,219,140	1,240,087	952,805	899,317
Bolton	293,054	184,853	121,533	173,844	244,299
Bristol	915,772	855,628	748,631	689,744	693,221
Canton	177,844	63,987	19,236	58,937	80,490
Cromwell	136,558	152,856	118,882	82,005	104,993
East Granby	275,928	256,843	274,519	341,212	307,498
East Hartford	910,516	1,050,230	943,432	1,019,097	604,779
East Windsor	622,158	447,139	265,786	241,724	226,832
Ellington	333,729	296,438	340,514	336,036	285,382
Enfield	645,983	581,976	723,830	746,835	573,644
Farmington	498,101	411,680	525,976	717,752	510,099
Glastonbury	1,480,456	1,409,111	1,159,214	1,002,993	912,324
Granby	208,631	192,777	169,498	236,501	158,568
Hartford	8,503,666	6,192,910	5,896,757	6,905,135	6,480,270
Hartland	872	262	53	53	
Manchester	1,729,777	1,369,700	1,194,006	1,182,086	921,369
New Britain	1,054,410	1,119,261	751,186	698,036	720,051
New Hartford	21,955	94,900	125,456	167,824	110,814
Newington	715,973	652,861	706,047	542,713	494,962
Plainville	597,783	399,922	436,041	349,471	561,156
Portland	173,460	114,652	106,250	92,133	88,290
Rocky Hill	441,104	412,417	405,982	293,357	346,006
Simsbury	880,541	1,123,970	1,018,849	762,672	739,135
Somers	295,063	180,533	156,169	151,862	119,838
South Windsor	806,468	910,679	938,524	793,328	486,828
Southington	1,138,220	989,059	708,844	975,011	1,042,358
Suffield	426,362	290,053	151,732	134,340	124,834
Vernon	1,141,140	1,173,871	876,976	991,024	1,007,655
West Hartford	706,950	659,329	433,626	599,118	478,771
Wethersfield	669,057	603,541	832,737	879,956	755,510
Windsor	1,262,231	1,309,246	1,211,639	1,147,698	1,056,167
Windsor Locks	592,509	505,339	663,143	655,450	503,820
Regional District #10	197,232	215,162	126,625	167,894	158,561
Revenue from Member Boards of Education	<u>30,046,200</u>	<u>26,400,142</u>	<u>24,530,192</u>	<u>24,792,734</u>	<u>22,305,739</u>
<u>Other Sources</u>					
Other LEAs and Agencies	42,379,052	39,430,868	32,117,168	27,136,440	28,387,576
State Grants	38,926,479	44,431,612	45,194,842	43,482,466	33,623,423
Federal Grants	3,062,660	3,970,958	4,309,424	4,878,619	3,896,112
Other Special Revenues	1,610,331	1,316,367	971,145	681,659	930,690
Revenue from Other Sources	<u>85,978,522</u>	<u>89,149,805</u>	<u>82,592,579</u>	<u>76,179,184</u>	<u>66,837,801</u>
Total Revenues	<u>\$ 116,024,722</u>	<u>\$ 115,549,947</u>	<u>\$ 107,122,771</u>	<u>\$ 100,971,918</u>	<u>\$ 89,143,540</u>

Source: Capitol Region Education Council Business Services Department

TABLE 6

CAPITOL REGION EDUCATION COUNCIL

PRINCIPAL REVENUE PAYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Clients</u>	<u>2007</u>	<u>1998</u>
Hartford	\$ 8,503,666	\$ 2,494,439
Manchester	1,729,777	632,953
Springfield	1,486,646	582,305
Glastonbury	1,480,456	587,914
Windsor	1,262,231	393,349
Bloomfield	1,247,505	351,966
Vernon	1,141,140	267,409
Southington	1,138,220	527,427
New Britain	1,054,410	670,930
Bristol	915,772	425,883
East Hartford	910,516	205,444
Simsbury	880,541	219,940
Middletown	878,103	428,322
South Windsor	806,468	207,315
Newington	715,973	246,899
West Hartford	706,950	368,711
Wethersfield	669,057	448,222
Enfield	645,983	299,416
East Windsor	622,158	67,397

CAPITOL REGION EDUCATION COUNCIL

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(In Thousands, Except per Capita)

Fiscal Year	Governmental Activities			Total Primary Government	Program Enrollment	Debt Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases			
2007	\$ 3,000	\$ 131	\$ 993	\$ 4,124	3,361	1.23 %
2006	3,380	147	441	3,968	3,251	1.22
2005	3,730	167	373	4,270	3,228	1.32
2004	4,070	197	719	4,986	3,040	1.64
2003	4,425	229	88	4,742	2,719	1.74
2002	4,760	260	113	5,133	2,057	2.50
2001	5,095	292	163	5,550	1,533	3.62
2000	5,415	285	298	5,998	1,196	5.02
1999	5,725	305	17	6,047	845	7.16
1998	6,035	374	12	6,421	583	11.01

Notes: Details regarding CREC's outstanding debt can be found in the notes to the financial statements.

CAPITOL REGION EDUCATION COUNCIL

CREC MEMBER DATA

	2000 Population	Population Growth 1990-2000	Number of Public Schools	District Reference Group (DRG)	Public School Enrollment as a Percent of Town Population	% of Students Eligible for Free/Reduced- Priced Meals
Connecticut						
1 Avon	15,832	13.6%	5	B	21.1%	1.6%
2 Berlin	18,215	8.5%	5	D	18.0%	4.5%
3 Bloomfield	19,587	0.5%	7	G	11.6%	37.9%
4 Bolton	5,017	9.7%	2	C	18.6%	6.0%
5 Bristol	60,062	(1.0)%	15	G	14.6%	28.8%
6 Canton	8,840	6.9%	4	C	19.1%	3.1%
7 Cromwell	12,871	4.8%	4	D	15.1%	8.9%
8 East Granby	4,745	10.3%	4	D	18.8%	0.4%
9 East Hartford	49,575	(1.7)%	14	H	15.3%	45.1%
10 East Windsor	9,818	(2.6)%	3	F	15.4%	21.2%
11 Ellington	12,921	15.4%	5	C	19.0%	5.0%
12 Enfield	45,212	(0.7)%	12	F	14.2%	21.5%
13 Farmington	23,641	14.7%	7	B	17.9%	5.1%
14 Glastonbury	31,876	14.2%	8	B	20.9%	4.2%
15 Granby	10,347	10.4%	5	B	21.9%	2.2%
16 Hartford	121,578	(13.0)%	39	I	17.7%	68.0%
17 Hartland	2,012	7.8%	1	E	11.0%	0.0%
18 Manchester	54,740	6.0%	13	G	12.7%	37.5%
19 New Britain	71,538	(5.2)%	14	I	14.9%	62.2%
20 Newington	29,306	0.3%	7	D	15.5%	13.6%
21 New Hartford	6,088	5.5%	3	C	10.1%	4.6%
22 Plainville	17,328	(0.4)%	5	F	15.0%	17.3%
23 Portland	8,732	3.7%	5	E	15.9%	10.0%
24 Region 10	16,473	34.4%	4	C	16.8%	3.0%
25 Rocky Hill	17,966	8.5%	5	D	13.9%	6.8%
26 Simsbury	23,234	5.5%	7	B	21.6%	3.4%
27 Somers	10,417	14.4%	3	C	16.5%	4.6%
28 South Windsor	24,412	10.5%	7	B	20.6%	5.3%
29 Southington	39,728	3.1%	11	D	17.0%	7.6%
30 Suffield	13,552	18.6%	4	C	18.7%	4.2%
31 Vernon	28,063	(6.0)%	7	G	13.9%	18.9%
32 West Hartford	63,589	5.8%	16	B	15.5%	14.2%
33 Wethersfield	26,271	2.4%	7	D	14.0%	10.1%
34 Windsor	28,237	1.5%	7	D	14.8%	25.8%
35 Windsor Locks	12,043	(2.5)%	4	F	16.0%	20.2%
Totals	<u>943,866</u>		<u>269</u>			

Source: State of Connecticut Department of Education Division of Grant Services. Strategic School Profiles 05-06.

TABLE 9

CAPITOL REGION EDUCATION COUNCIL

PER PUPIL EXPENSE

	Net Expense Per Pupil 2007	Net Expense Per Pupil 2006	Net Expense Per Pupil 2005	Net Expense Per Pupil 2004	Net Expense Per Pupil 2003	Net Expense Per Pupil 2002	Net Expense Per Pupil 2001	Net Expense Per Pupil 2000
Avon	\$ 10,301	\$ 10,216	\$ 9,874	\$ 9,301	\$ 9,447	\$ 8,875	\$ 8,376	\$ 8,086
Berlin	10,618	9,786	9,172	8,555	8,755	8,291	7,962	7,509
Bloomfield	13,855	12,855	12,464	11,548	11,017	10,172	10,050	9,137
Bolton	12,030	11,328	10,914	10,194	9,761	9,300	8,673	8,101
Bristol	10,606	9,973	9,570	9,105	8,477	8,310	8,016	7,712
Canton	11,116	10,480	9,937	9,440	9,065	8,574	8,205	7,645
Cromwell	11,620	10,793	10,067	9,482	9,516	9,125	8,647	8,082
East Granby	12,158	11,828	11,316	10,800	9,939	8,998	9,227	8,542
East Hartford	10,481	10,119	10,067	9,421	9,058	8,810	8,450	7,978
East Windsor	10,343	9,464	8,907	8,466	8,495	7,614	7,643	7,745
Ellington	9,842	9,574	9,227	8,982	8,518	8,195	7,758	7,437
Enfield	10,861	10,012	9,440	9,335	9,024	8,940	8,557	8,117
Farmington	11,338	10,513	9,566	9,199	9,056	8,540	8,167	7,654
Glastonbury	10,519	9,778	9,271	8,699	8,446	8,023	7,675	7,456
Granby	10,446	9,933	9,493	8,999	8,754	8,460	7,846	7,782
Hartford	15,448	14,365	13,236	12,366	12,151	12,136	11,312	10,995
Hartland	12,175	11,845	11,173	9,987	10,285	8,671	8,257	7,579
Manchester	12,025	11,201	10,320	10,003	9,618	9,055	8,927	8,188
New Britain	10,824	10,603	10,430	10,070	9,913	9,855	8,987	8,352
New Hartford	11,498	10,848	10,293	10,153	9,568	9,325	8,566	8,478
Newington	11,301	10,602	10,101	9,434	8,991	8,499	8,036	8,176
Plainville	11,655	10,951	10,598	10,142	9,723	9,105	8,921	8,265
Portland	11,289	11,343	10,504	9,918	9,280	8,767	8,522	7,898
Regional District #10	10,184	9,572	9,352	8,877	8,683	8,226	8,095	7,862
Rocky Hill	10,766	10,331	10,095	9,507	9,121	8,989	8,681	8,319
Simsbury	11,222	10,422	9,933	9,522	9,084	8,513	8,239	7,592
Somers	10,085	9,516	9,151	8,639	8,501	8,350	8,108	7,753
South Windsor	10,540	9,904	9,514	8,793	8,634	8,288	7,734	7,398
Southington	10,731	10,415	9,892	9,461	8,940	8,434	8,568	7,795
Suffield	10,133	9,439	8,957	8,400	8,147	7,563	7,225	6,906
Vernon	11,664	11,126	10,401	10,154	9,705	9,480	9,059	8,564
West Hartford	11,476	10,842	10,302	9,783	9,434	8,851	8,595	8,488
Wethersfield	11,234	10,767	10,254	9,371	9,182	8,843	8,472	8,293
Windsor	11,845	11,372	10,873	10,398	9,906	9,422	8,318	8,079
Windsor Locks	12,562	11,163	10,715	10,246	10,063	9,055	8,094	7,438

Source: State of Connecticut Department of Education Division of Grants Services website - unaudited

CAPITOL REGION EDUCATION COUNCIL

TOTAL POPULATION BY TOWN

FISCAL YEARS 2000 TO 2006

<u>Town</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Avon	17,342	17,209	16,992	16,709	16,346	16,323	15,832
Berlin	20,137	19,590	19,471	19,322	19,116	18,281	18,215
Bloomfield	20,643	20,581	20,414	19,803	19,794	19,134	19,587
Bolton	5,142	5,170	5,173	5,199	5,154	5,140	5,017
Bristol	61,258	61,353	60,994	60,722	60,541	60,026	60,062
Canton	10,081	9,932	9,603	9,413	9,061	9,162	8,840
Cromwell	13,540	13,594	13,520	13,471	13,370	13,080	12,871
East Granby	5,082	5,058	5,018	4,977	4,910	4,880	4,745
East Hartford	48,934	49,173	49,416	49,596	49,650	49,734	49,575
East Windsor	10,563	10,447	10,261	10,185	10,095	9,958	9,818
Ellington	14,370	14,217	14,141	13,952	13,571	13,145	12,921
Enfield	45,297	45,441	45,567	45,539	45,379	44,987	45,212
Farmington	25,040	24,941	24,682	24,507	24,189	23,969	23,641
Glastonbury	33,077	33,089	32,852	32,789	32,575	32,985	31,876
Granby	11,187	11,088	10,989	10,869	10,696	10,721	10,347
Hartford	124,699	124,397	125,053	124,387	124,558	123,850	124,121
Hartland	2,090	2,082	2,078	2,068	2,053	1,993	2,012
Manchester	55,738	55,572	55,563	55,390	55,084	54,680	54,740
New Britain	70,855	71,254	71,832	71,572	71,589	71,665	71,538
New Hartford	6,794	6,746	6,662	6,548	6,413	6,202	6,088
Newington	29,586	29,676	29,646	29,695	29,623	29,349	29,306
Plainville	17,312	17,382	17,371	17,461	17,407	17,335	17,328
Portland	9,595	9,543	9,340	9,264	9,125	9,293	8,732
Regional District #10	14,749	14,668	14,478	14,303	14,069	13,744	13,473
Rocky Hill	18,835	18,760	18,620	18,528	18,305	17,683	17,966
Simsbury	23,660	23,656	23,460	23,496	23,421	23,740	23,234
Somers	10,888	10,877	10,888	10,870	10,608	10,502	10,417
Southington	42,249	42,077	41,723	41,397	40,943	40,227	39,728
South Windsor	26,030	25,985	25,586	25,270	24,846	24,773	24,412
Suffield	15,127	14,704	14,539	14,217	14,021	13,990	13,552
Vernon	29,672	29,491	29,338	29,206	28,718	27,861	28,063
West Hartford	60,794	61,173	61,392	61,424	61,365	61,578	61,070
Wethersfield	26,057	26,220	26,358	26,398	26,390	26,262	26,271
Windsor	28,703	28,778	28,652	28,565	28,519	27,731	28,237
Windsor Locks	12,444	12,411	12,333	12,256	12,237	11,919	12,043
Total CREC Membership	<u>967,570</u>	<u>966,335</u>	<u>964,005</u>	<u>959,368</u>	<u>953,741</u>	<u>945,902</u>	<u>940,890</u>

Source: State of Connecticut Department of Health-Estimated Population.

CAPITOL REGION EDUCATION COUNCIL

CREC MEMBER TOWNS AVERAGE DAILY MEMBERSHIP (ADM) - PUBLIC SCHOOL PUPILS

FISCAL YEARS 2000 TO 2007

<u>Town</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Avon	3,513	3,400	3,315	3,265	3,086	2,988	2,900	2,714
Berlin	3,323	3,410	3,426	3,414	3,355	3,381	3,345	3,319
Bloomfield	2,701	2,735	2,767	2,755	2,715	2,764	2,720	2,780
Bolton	922	941	942	969	996	976	953	940
Bristol	9,100	9,107	9,073	9,051	9,017	8,978	8,930	8,732
Canton	1,734	1,693	1,669	1,631	1,632	1,637	1,587	1,549
Cromwell	1,997	1,969	1,931	1,891	1,854	1,847	1,793	1,818
East Granby	938	903	892	896	896	903	836	856
East Hartford	8,358	8,363	8,144	8,198	8,243	8,106	8,014	7,867
East Windsor	1,616	1,635	1,662	1,653	1,628	1,628	1,551	1,558
Ellington	2,561	2,521	2,487	2,418	2,394	2,330	2,313	2,262
Enfield	6,580	6,716	6,792	6,860	6,953	6,843	6,866	6,889
Farmington	4,231	4,260	4,393	4,343	4,232	4,192	4,135	4,060
Glastonbury	6,931	6,879	6,802	6,732	6,555	6,406	6,199	5,983
Granby	2,258	2,233	2,214	2,203	2,163	2,093	2,038	1,927
Hartford	22,407	22,946	23,411	24,054	24,188	24,320	24,501	24,126
Hartland	351	359	379	392	378	405	400	409
Manchester	7,608	7,666	7,907	7,979	7,993	7,959	7,756	7,855
New Britain	11,224	11,249	11,171	11,070	10,930	10,837	10,413	10,339
New Hartford	1,156	1,150	1,179	1,154	1,176	1,156	1,168	1,118
Newington	4,578	4,587	4,612	4,599	4,641	4,524	4,460	4,317
Plainville	2,633	2,638	2,628	2,645	2,670	2,701	2,681	2,721
Portland	1,471	1,423	1,445	1,437	1,463	1,451	1,393	1,413
Regional District #10	2,809	2,804	2,731	2,705	2,639	2,633	2,548	2,535
Rocky Hill	2,606	2,563	2,488	2,489	2,503	2,432	2,445	2,415
Simsbury	4,991	5,063	5,053	5,035	5,017	4,998	4,887	4,748
Somers	1,716	1,724	1,722	1,731	1,712	1,663	1,619	1,581
Southington	6,871	6,801	6,771	6,743	6,676	6,688	6,620	6,546
South Windsor	5,190	5,238	5,161	5,277	5,154	5,083	5,024	4,918
Suffield	2,496	2,441	2,385	2,376	2,267	2,220	2,157	2,148
Vernon	3,802	3,849	3,989	4,023	4,017	4,068	4,133	4,121
West Hartford	10,130	9,995	9,935	9,853	9,732	9,608	9,444	9,084
Wethersfield	3,946	3,855	3,801	3,771	3,675	3,607	3,487	3,470
Windsor	4,651	4,655	4,696	4,714	4,699	4,608	4,704	4,556
Windsor Locks	2,038	2,072	2,063	2,028	2,050	2,104	2,107	2,107
Total CREC Membership	<u>159,437</u>	<u>159,843</u>	<u>160,036</u>	<u>160,354</u>	<u>159,299</u>	<u>158,137</u>	<u>156,127</u>	<u>153,781</u>

Source: State of Connecticut Department of Education Division of Grants Services website

**CAPITOL REGION EDUCATION COUNCIL
PROGRAM ENROLLMENT SUMMARY**

PROGRAM	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
River Street School	185	178	165	157	150	148	136	139	118	115
Soundbridge	57	59	64	65	69	75	70	87	67	74
Integrated Program Model	32	32	31	32	35	33	35	36	46	46
Polaris Center	82	68	56	65	53	51	48	89	63	72
Farmington Valley Diagnostic Center	15	16	17	11	13	10				
East Hartford/Glastonbury Magnet School	255	249	258	258	259	277	279	290	283	276
Great Path Academy	89	84	83							
Greater Hartford Academy of the Arts	412	393	387	380	325	313	251	208	180	
Greater Hartford Academy of Math & Science	232	202	204	211	199	175	148			
Metropolitan Learning Center	681	675	681	573	500	384	287	197	88	
Montessori Magnet School	330	331	305	295	264	250	219	150		
Two Rivers Magnet Middle School	609	583	594	598	425					
Tunxis Middle College High School					76	81	60			
University of Hartford Magnet School	382	381	383	395	351	260				
TOTAL	3,361	3,251	3,228	3,040	2,719	2,057	1,533	1,196	845	583

Source: Capitol Region Education Council Business Services Department-Enrollment October 1

(Details provided on following pages)

CAPITOL REGION EDUCATION COUNCIL

RIVER STREET SCHOOL
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Avon	1	1	1	1	1					
Berlin	4	3	4		1			1	1	1
Bloomfield	6	4	4	3	3	4	4	3	1	1
Bolton	1									
Bristol	5	4	4	4	4	4	3	2		3
Canton	1									
Cromwell	1					1	2	2	2	2
East Granby	1	1	1	2	1	1		1		
East Hartford		1	1	1	1	1	1			
East Windsor	3	2	1	1	1	1	1	1	1	2
Ellington	1	1	1	1	1	1	1			
Enfield	6	6	7	9	8	5	4	6	5	3
Farmington		2	1	3	3	3	3	3	1	1
Glastonbury	7	5	5	4	4	6	3	3	2	
Granby										1
Hartford	3	5	8	8	13	12	10	12	12	15
Hartland										
Manchester	7	3	5	4	3	3	6	10	8	8
New Britain	2	4	2	2	1	3	4	2	2	2
New Hartford		1	1	1	1					
Newington	4	4	4	3	2	2	2	2	2	2
Plainville	2	2	2	3	3	3	3	3	2	2
Portland						1	1	1		1
Rocky Hill	2	2	2	1						
Simsbury	3	3	2	3	3	1	1	1		
Somers	3	2	2	2	2	3		6	6	4
South Windsor	3	3	3	1			5			
Southington	3	3	2	3	3	3	2	1	3	4
Suffield	4	2	2	3	1	1				
Vernon	6	6	5	5	5	4	2	3	2	1
West Hartford	5	5	3	4	3	3	2	2	4	5
Wethersfield	2	3	3	5	5	4	3	3	3	3
Windsor	9	10	7	7	7	7	4	9	5	5
Windsor Locks	3	4	4	3	3	3	6	4	3	3
Region #10										
Non-Member LEAs	87	86	78	70	67	68	63	58	53	46
TOTAL	185	178	165	157	150	148	136	139	118	115

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

SOUNDBRIDGE

Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Avon										
Berlin		1	3	2	2					
Bloomfield	3	4	5	5	4	3	3	2		
Bristol	5	3	5	6	5	5	6	6	3	3
Canton										
Cromwell										
East Granby			1	1	1	1				
East Hartford	3	3	1	2	1	1	1	1	1	1
East Windsor										
Ellington										
Enfield		2	2	2	2	2	2	3	1	2
Farmington										
Glastonbury		1	1				1	1	1	2
Granby										
Hartford	6	7	8	11	14	14	13	18	13	15
Hartland										
Manchester	1	3	1	1		2	4	5	5	7
New Britain	5	6	4	4	5	5	3	3	4	3
New Hartford										
Newington	4	4	4	4	4	4	5	6	4	3
Plainville	1									
Portland									1	1
Rocky Hill	2	2	2	2	2	2	2	2	3	4
Simsbury	1	3	3	3	2	3	3	3	3	3
Somers										
South Windsor		1	1	1	2	2	2	2	3	3
Southington	3	1	3	2	2	3	4	5	3	5
Suffield							1			
Vernon								2	2	1
West Hartford					2	2	2	2		
Wethersfield	4	6	6	6	6	5	5	6	4	3
Windsor						1				
Windsor Locks	1	1	1	1	1	1	1			
Region #10		1								
Non-Member LEAs	18	10	13	12	14	19	12	20	16	18
TOTAL	57	59	64	65	69	75	70	87	67	74

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

INTEGRATED PROGRAM MODEL
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Avon										
Berlin	1	1	1	1	1	1		1	1	1
Bloomfield				1	1	1				
Bolton					1		1	2	2	
Bristol										2
Canton	1									
Cromwell										
East Granby										
East Hartford	1								1	1
East Windsor										
Ellington			1	1	1	1	1			
Enfield										
Farmington			1	1	1					
Glastonbury									2	2
Granby										
Hartford	1	3	2	2	2	2	3	3	4	4
Hartland										
Manchester									1	1
New Britain	1	1	1							
New Hartford				1						
Newington										
Plainville	3	3	3	2	2	3	5	6	10	8
Portland	1	1	1	1	1	1	1	1	1	1
Rocky Hill	1	1	1	1	2	1	1	1	1	1
Simsbury					1	1	1	1	1	1
Somers										
South Windsor										
Southington										1
Suffield										
Vernon	1	1	1	1	4	4	4			
West Hartford										
Wethersfield						1				1
Windsor									2	2
Windsor Locks		1	1		1					1
Region #10		1								
Non-Member LEAs	21	19	18	20	17	17	18	21	20	19
TOTAL	32	32	31	32	35	33	35	36	46	46

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

POLARIS CENTER
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Avon											
Berlin		2					1	1	1	1	
Bloomfield	2	1	1	1	3	2	2	2		1	2
Bolton	1	1				1					
Bristol	2		1	2	2		2	1	1		
Canton											
Cromwell				1	1	1					
East Granby				1	1						
East Hartford		2	2	1	3	1		1		1	1
East Windsor	4	1		1	1	3		1			
Ellington			1	1			1	1	1		
Enfield	1	1	2	1		1	1			1	
Farmington											
Glastonbury			1						1	2	2
Granby	1			1	1	2	1	1			
Hartford	25	16	13	14	6	10	7	16	25	28	34
Hartland											
Manchester	4	7	1	7	4	2	2				4
New Britain	7	8	3	6	4	4	4	10	3	6	7
New Hartford											
Newington		2	1		1			1		1	1
Plainville	1					1					
Portland								1			1
Rocky Hill					1		1	2			1
Simsbury	1										1
Somers			1								1
South Windsor		1	2	2		1	1	3	2	2	
Southington					1	2					1
Suffield											
Vernon	1	3	1	1		2	1			1	
West Hartford	1	1		1	1	2	3	6	1	5	6
Wethersfield						1		1	1	2	1
Windsor	1	1	2	2	2	1		1	2	1	1
Windsor Locks	3		1								1
Region #10						1					
Non-Member LEAs	27	21	23	22	21	13	21	40	25	20	22
TOTAL	82	68	56	65	53	51	48	89	63	72	87

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

FARMINGTON VALLEY DIAGNOSTIC CENTER
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001
Avon	2	2	3		1	
Berlin						
Bloomfield				1		
Bolton						
Bristol						
Canton	2				1	2
Cromwell						
East Granby	1		1	1		
East Hartford						
East Windsor						
Ellington						
Enfield						
Farmington	2	2	4	2	2	
Glastonbury						
Granby	2		3	2		
Hartford						
Hartland						
Manchester						
New Britain						1
New Hartford						
Newington						
Plainville	3	2		1	2	2
Portland						
Rocky Hill						
Simsbury	2	6	5	1	2	1
Somers						
South Windsor						
Southington		1	1	1	2	1
Suffield						
Vernon						
West Hartford						1
Wethersfield						
Windsor						
Windsor Locks					1	1
Region #10	1	3		2	2	1
Non-Member LEAs						
TOTAL	15	16	17	11	13	10

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

EAST HARTFORD/GLASTONBURY MAGNET SCHOOL
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Avon										
Berlin										
Bloomfield										
Bolton										
Bristol										
Canton										
Cromwell										
East Granby										
East Hartford	137	134	151	149	155	173	169	178	161	150
East Windsor										
Ellington										
Enfield										
Farmington										
Glastonbury	118	115	107	109	104	104	110	112	122	126
Granby										
Hartford										
Hartland										
Manchester										
New Britain										
New Hartford										
Newington										
Plainville										
Portland										
Rocky Hill										
Simsbury										
Somers										
South Windsor										
Southington										
Suffield										
Vernon										
West Hartford										
Wethersfield										
Windsor										
Windsor Locks										
Region #10										
Non-Member LEAs										
TOTAL	255	249	258	258	259	277	279	290	283	276

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

GREAT PATH ACADEMY
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004
Avon			
Berlin			
Bloomfield			
Bolton	7	4	6
Bristol			
Canton			
Cromwell			
East Granby			
East Hartford	20	22	20
East Windsor			
Ellington	3	5	4
Enfield			
Farmington			
Glastonbury	12	12	12
Granby	5		
Hartford	14	14	14
Hartland			
Manchester	16	15	17
New Britain			
New Hartford			
Newington			
Plainville			
Portland			
Rocky Hill			
Simsbury			
Somers			
South Windsor			
Southington			
Suffield			
Vernon			
West Hartford			
Wethersfield			
Windsor			
Windsor Locks			
Region #10			
Non-Member LEAs	12	12	10

TOTAL 89 84 83

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

GREATER HARTFORD ACADEMY OF THE ARTS

Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999	1998
Avon	6	4	3	3	3	3	4	1	2
Berlin	4	3	2						
Bloomfield	4	3	8	7	7	10	2	3	3
Bolton	2	6	4	5	5	3	1	2	2
Bristol	2	2		2	2	4	1	1	1
Canton	10	12	12	8	3	2	1		1
Cromwell	6	3	2	6	2	4	3	4	3
East Granby	2	2	2	3	2	2	3		1
East Hartford	7	8	5	6	5	6	4	4	6
East Windsor		1	3	4	1	2	2	3	
Ellington	5	5	2			3	4	3	3
Enfield	5	5	10	10	10	9	7	5	1
Farmington	4	5	5	5	4	4	6	7	6
Glastonbury	19	25	21	25	23	13	12	7	4
Granby	4	6	9	9	12	11	6	7	1
Hartford	59	53	63	69	52	63	50	42	47
Hartland	2								
Manchester	13	12	12	12	10	15	9	10	4
New Britain	18	17	13	16	18	14	13	5	
New Hartford		1	1						
Newington	12	16	14	17	14	9	9	7	8
Plainville		1			1	1			
Portland	3	5	3		1	1			
Rocky Hill	24	22	19	15	12	10	4	4	3
Simsbury	27	21	22	19	12	9	9	6	4
Somers							2		
South Windsor	7	7	6	7	8	6	3	2	
Southington	16	10	12	14	15	15	6	6	2
Suffield	6	6	6	4	2	2	2	2	2
Vernon	4	5	6	5	3	2	1	2	2
West Hartford	25	19	27	25	20	17	13	11	11
Wethersfield	15	15	14	10	8	7	5	4	2
Windsor	11	12	8	8	6	3	4	3	2
Windsor Locks	6	9	9	9	8	9	9	2	3
Region #10	3	2	2	1	1	5	6	7	6
Non-Member LEAs	81	70	62	56	55	49	50	48	50
TOTAL	412	393	387	380	325	313	251	208	180

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

GREATER HARTFORD ACADEMY OF MATH & SCIENCE
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000
Avon	6	3	2	1			
Berlin							
Bloomfield	11	10	10	12	10	10	10
Bolton		2	2	2	2	1	
Bristol							
Canton	3	1	1				
Cromwell							
East Granby							
East Hartford							
East Windsor							
Ellington	5	9	7	5	3		
Enfield							
Farmington	8	6	8	8	8	6	8
Glastonbury	1	3		5	4	4	5
Granby	10	6	6	3	4	3	3
Hartford	62	56	64	77	71	63	48
Hartland							
Manchester	21	20	21	20	21	22	20
Marlborough		2		1	2		
New Britain	16	16	16	14	16	15	12
New Hartford							
Newington	11	8	8	9	8	7	8
Plainville							
Portland							
Rocky Hill	27	24	24	26	22	16	10
Simsbury	10	8	8	8	5	7	4
Somers							
South Windsor							
Southington	10	4	4	4	5	5	4
Suffield	3	3					
Vernon		2	2	2			
West Hartford	3	3	1	2	2		
Wethersfield	13	8	8	5	9	8	6
Windsor	8	7	9	6	7	8	10
Windsor Locks							
Region #10							
Non-Member LEAs	4	1	3	1			
TOTAL	232	202	204	211	199	175	148

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

METROPOLITAN LEARNING CENTER
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999	1998
Avon									
Berlin									
Bloomfield	141	138	134	105	92	71	55	37	18
Bolton									
Bristol									
Canton									
Cromwell									
East Granby									
East Hartford									
East Windsor	46	41	44	38	29	23	16	14	5
Ellington									
Enfield	43	38	41	33	28	17	14	9	
Farmington									
Glastonbury									
Granby									
Hartford	200	197	191	173	149	111	87	60	29
Hartland									
Manchester									
New Britain									
New Hartford									
Newington									
Plainville									
Portland									
Rocky Hill									
Simsbury									
Somers									
South Windsor									
Southington									
Suffield									
Vernon									
West Hartford									
Wethersfield									
Windsor	186	200	203	160	147	116	81	59	27
Windsor Locks	65	61	68	64	55	46	34	18	9
Region #10									
Non-Member LEAs									

TOTAL 681 675 681 573 500 384 287 197 88

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

MONTESSORI MAGNET SCHOOL
 Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001	2000	1999
Avon	1							1
Berlin	1	1						
Bloomfield	29	31	30	29	32	33	27	27
Bolton				1	1			
Bristol								
Canton			1	2	2			1
Cromwell	2	2	2					
East Granby								
East Hartford	25	26	21	19	13	14	14	10
East Windsor		1						
Ellington	2	2	2	2	2	2		
Enfield	1				1		1	1
Farmington						1	1	
Glastonbury	1			1			2	3
Granby								
Hartford	166	164	147	137	132	123	104	74
Hartland								
Manchester	12	12	17	14	12	9	8	4
Middletown	2	2	4	2	2			
New Britain	10	8	9	9	6	8	7	5
New Hartford	2							
Newington	2	4	3	4	4	2	1	
Plainville	1	1	1	1				
Portland								
Rocky Hill	5	4	3	5	1	1		
Simsbury	1					2	1	
Somers								
South Windsor	2		1		1	1		
Southington	1	1	1	1	1	1	1	
Suffield								
Vernon				1	2	2	3	3
West Hartford	10	9	8	13	9	10	9	4
Wethersfield	11	9	8	4	1	1	1	
Windsor	36	44	45	49	41	32	33	12
Windsor Locks		1						
Region #10	1	1			1	2	2	1
Non-Member LEAs	6	8	2	1		6	4	4
TOTAL	330	331	305	295	264	250	219	150

(Continued on following page)

CAPITOL REGION EDUCATION COUNCIL

TWO RIVERS MAGNET MIDDLE SCHOOL
Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002
Avon					
Berlin					
Bloomfield					
Bolton					
Bristol					
Canton					
Cromwell					
East Granby					
East Hartford	153	137	132	130	93
East Windsor					
Ellington					
Enfield					
Farmington					
Glastonbury	72	80	94	92	71
Granby					
Hartford	146	138	128	135	90
Hartland					
Manchester	151	141	128	132	92
New Britain					
New Hartford					
Newington					
Plainville					
Portland					
Rocky Hill					
Simsbury					
Somers					
South Windsor	87	87	112	109	79
Southington					
Suffield					
Vernon					
West Hartford					
Wethersfield					
Windsor					
Windsor Locks					
Region #10					
Non-Member LEAs					

TOTAL	609	583	594	598	425
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CAPITOL REGION EDUCATION COUNCIL

UNIVERSITY OF HARTFORD MAGNET SCHOOL

Student Enrollment by LEA (Continued)

LEA	2006	2005	2004	2003	2002	2001
Avon	29	32	31	25	22	10
Berlin						
Bloomfield	15	11	11	16	14	9
Bolton						
Bristol						
Canton						
Cromwell						
East Granby						
East Hartford						
East Windsor						
Ellington						
Enfield						
Farmington	19	19	24	30	26	22
Glastonbury						
Granby						
Hartford	205	209	209	205	179	141
Hartland						
Manchester						
New Britain						
New Hartford						
Newington						
Plainville						
Portland						
Rocky Hill						
Simsbury	30	38	32	29	30	24
Somers						
South Windsor		2	2	2		
Southington						
Suffield						
Vernon						
West Hartford	47	41	42	50	51	33
Wethersfield	37	29	32	38	29	21
Windsor						
Windsor Locks						
Region #10						
Non-Member LEAs						
TOTAL	382	381	383	395	351	260

TABLE 13

CAPITOL REGION EDUCATION COUNCIL

TUITION RATES PER STUDENT

Program Name	2007	2006	2005	2004	2003	2002	2001	2000
River Street Day Program	\$ 49,289	\$ 46,942	\$ 44,708	\$ 42,578	\$ 40,550	\$ 39,066	\$ 37,563	\$ 36,206
River Street Extended Day Program								
Summer	3,604	3,432	3,269	3,113	2,965	2,856	2,746	2,647
Group Home Regular	13,033	12,412	11,821	11,258	10,722	10,329	9,932	9,573
Academic Regular	16,058	15,293	14,565	13,872	13,211	12,727	12,238	11,796
Riverstreet Summer Program	4,668	4,446	4,235	4,034	3,841	3,701	3,559	3,430
Soundbridge Program								
Full Day	36,669	33,953	31,732	29,732	27,658	26,341	24,850	23,952
Half Day	19,955	18,477	17,268	15,268	14,203	13,527	12,761	12,300
Integrated Program Model	62,868	57,153	51,957	47,234	44,144	41,256	36,836	32,889
Integrated Program Model Summer Program	10,812	9,402	8,395	7,495	6,692	6,254	5,584	4,986
Polaris Center	47,311	45,058	42,912	40,869	38,923	37,498	35,712	34,422

Source: Capitol Region Education Council Business Services Department.

CAPITOL REGION EDUCATION COUNCIL

WORKFORCE ANALYSIS

NUMBER OF EMPLOYEES LAST SEVEN YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Job Categories							
Officials and managers	84	82	76	77	67	74	60
Professionals	504	487	497	448	448	319	269
Technicians	74	72	76	75	68	136	128
Office and clerical	82	81	79	80	78	78	66
Operatives (semi-skilled)	9	9	8	8	9	10	9
Service workers	315	276	282	274	180	158	154
Total Workforce Analysis	<u>1,068</u>	<u>1,007</u>	<u>1,018</u>	<u>962</u>	<u>850</u>	<u>775</u>	<u>686</u>

Source: CREC's Human Resource Department-Employees December 31

CAPITOL REGION EDUCATION COUNCIL

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Education:								
Land	\$ 1,892,925	\$ 1,892,925	\$ 1,892,925	\$ 2,171,178	\$ 2,171,178	\$ 2,171,178	\$ 2,171,178	\$ 2,171,178
Buildings and improvements	63,985,134	60,529,341	51,681,596	52,418,497	52,282,372	51,689,327	20,438,129	20,424,045
Vehicles	1,061,739	909,719	747,816	864,380	769,287	769,287	474,039	396,995
Furniture, fixtures and equipment	4,841,774	5,380,876	4,818,264	4,073,652	2,872,151	3,589,895	3,001,735	5,033,707
Construction in progress	62,657	3,336,379	12,097,958	10,640,432	5,623,531	2,981,072	27,157,656	8,726,371
Facilities:								
Land	332,000	332,000	332,000	332,000	332,000	332,000	332,000	332,000
Buildings and improvements	3,367,706	3,276,720	3,123,235	3,123,235	3,123,235	3,124,220	3,124,220	3,124,220
Vehicles	14,435	14,435	14,435	3,085	3,085	3,085	3,285	3,285
Furniture, fixtures and equipment	279,107	278,143	273,421	249,248	215,660	1,246,047	1,242,804	1,551,932
Administration:								
Buildings and improvements						2,961	2,961	
Vehicles							24,490	24,490
Furniture, fixtures and equipment	590,207	784,661	773,350	686,648	627,627	585,578	474,728	376,969
Construction in progress		4,700	4,700					
Total	<u>\$ 76,427,684</u>	<u>\$ 76,739,899</u>	<u>\$ 75,759,700</u>	<u>\$ 74,562,355</u>	<u>\$ 68,020,126</u>	<u>\$ 66,494,650</u>	<u>\$ 58,447,225</u>	<u>\$ 42,165,192</u>