

State of Illinois
REGIONAL OFFICE OF EDUCATION #12
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the year ended June 30, 2005

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

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

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

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

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

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

OFFICIALS

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

Assistant Regional Superintendent
(during the audit period through August 31, 2004)vacant

Assistant Regional Superintendent
(during the audit period beginning September 1, 2004
and ending February 11, 2005) Mr. Samuel White

Assistant Regional Superintendent
(during the audit period beginning February 12, 2005
and ending May 15, 2005)vacant

Assistant Regional Superintendent
(current and during the audit period beginning May 16, 2005) Mr. Phil Rodgers

Offices are located at:

Clay County Courthouse
Louisville, IL 62858

301 South Cross
Robinson, IL 62454

204 West Washington, Suite 3
Newton, IL 62448

1100 State Street
Lawrenceville, IL 62439

Richland County Courthouse
Olney, IL 62450

REGIONAL OFFICE OF EDUCATION #12

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

Details of findings are presented in a separately tabbed section.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
05-01	13-14	Noncompliance with State Mandates

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2005.

REGIONAL OFFICE OF EDUCATION #12

COMPLIANCE REPORT SUMMARY

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

04-01 17 Noncompliance with State Mandates

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

EXIT CONFERENCE

An informal exit conference was held on August 24, 2005. Attending were Carol Steinman, Regional Superintendent, Jana Baker, bookkeeper, Barbara Spraggins, bookkeeper, and Patricia Burt, director, of Regional Office of Education #12 and D. Raif Perry, CPA, Crystal Smith, CPA and Nathan Earnest, staff accountant, of West and Company, LLC.

The response to the recommendation was provided by Carol Steinman in a fax dated January 6, 2006.

FINANCIAL STATEMENT REPORT

SUMMARY

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

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

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
DOUGLAS R. STROUD
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH

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OFFICES

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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #12's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2005 on our consideration of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund – Schedule of Funding Progress on pages 18A through 18F and 43 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

West + Company, LLC

August 29, 2005

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #12's basic financial statements and have issued our report thereon dated August 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which is required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-01.

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

West & Company, LLC

August 29, 2005

WEST & COMPANY, LLC

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's management. Our responsibility is to express an opinion on the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's compliance with those requirements.

In our opinion, the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Clay, Crawford, Jasper, Lawrence and Richland Counties Regional Office of Education #12's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

West + Company, LLC

August 29, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

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

Section I - Summary of Auditors' Results

Financial statements

Type of auditors' report issued: UNQUALIFIED

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

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

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

Section I - Summary of Auditors' Results (concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.027A	Fed - Special Education - IDEA Discretionary
84.186A	Title IV Safe and Drug Free

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

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

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

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

Section II: Financial Statement Findings

FINDING NO. 05-01 - Noncompliance with State Mandates

Criteria/Specific Requirement:

A. The Illinois School Code (105 ILCS 5/3-14.17) requires that the Regional Superintendent notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amount of money distributed by him/her to the school treasurer, with the date of distribution.

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

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

Condition:

A. The Regional Office of Education No. 12 did not notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, of the dates of distribution of monies by her to the school treasurer.

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

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

Effect:

The Regional Office of Education #12 did not comply with statutory requirements.

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

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

Section II: Financial Statement Findings (Continued)

FINDING NO. 05-01 - Noncompliance with State Mandates (Continued)

Cause:

The Regional Office of Education No. 12 stated they were unaware of both statutes.

Auditors' Recommendation:

The Regional Office of Education No. 12 should ensure they comply with all applicable provisions of the Illinois Compiled Statutes. Specifically, the Regional Office should forward the necessary financial information as required by 105 ILCS 5/3-14.17 to the proper entities prior to September 30 of each year. The Regional Office of Education No. 12 should comply with the reporting requirements and deadlines and maintain evidence to support the submission of required information. The Regional Office should also comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

Management's Response:

A. The Regional Office of Education No. 12 will notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amount of money distributed by him/her to the school treasurer, with the date of distribution as required by the Illinois School Code 105 ILCS 5/3-14.17.

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

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

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

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

Section III: Federal Award Findings

No findings were noted for the year ended June 30, 2005.

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

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

Corrective Action Plan

Finding No.: 05-01

Condition:

A. Tested under Control #9085 in the Mandate Testing File – The Regional Office of Education No. 12 did not notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, of the dates of distribution of monies by her to the school treasurer.

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

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

Plan:

A. The Regional Office of Education No. 12 will notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amount of money distributed by her to the school treasurer, with the date of distribution as required by the Illinois School Code 105 ILCS 5/3-14.17.

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

Anticipated Date of Completion:

A. September 27, 2005

B. Ongoing

Name of Contact Person:

Carol Steinman, Regional Superintendent

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2005

<u>Finding number</u>	<u>Condition</u>	<u>Current Status</u>
04-01	The Regional Office of Education #12 did not publish nor post in each school building under his or her jurisdiction, a copy of the Institute Fund report on or before January 1, 2004. The Regional Office of Education also did not submit the required reports until the audit was received by the Regional Office of Education No. 12, which was after January 1, 2004.	Finding was not repeated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The Regional Office of Education #12 for the Counties of Clay, Crawford, Jasper, Lawrence and Richland provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2005 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$1,373 from \$954,164 in fiscal year 2004 to \$952,791 in fiscal year 2005. Revenue from local sources increased while funding from state sources and on-behalf payments decreased. General Fund expenditures increased by \$63,096 from \$943,729 in FY04 to \$1,006,825 in FY05. Much of this increase was for purchased services.
- Within the Governmental Funds, the Special Revenue Funds revenue increased by \$172,904 from \$1,963,786 in FY04 to \$2,136,690 in FY05. The Special Revenue Funds expenditures increased by \$176,805 from \$2,018,365 in FY04 to \$2,195,170 in FY05. The increase in revenue was due to an overall increase in funding for grant programs. Because of the additional funding available, expenditures for items such as salaries and benefits also increased.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detail information about the non-major funds.

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and non-funded mandates need to be considered.

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

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #12 established other funds to control and manage money for particular purposes.

The Office has two kinds of funds:

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

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

2. Fiduciary funds are used to account for assets held by the Regional Office of Education #12 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY05 totaled approximately \$1,043,984. At the end of FY04, the net assets were approximately \$1,171,507. The analysis that follows provides a summary of the office's governmental net assets at June 30, 2005 and 2004.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current assets	\$ 999,856	\$ 1,065,822	\$ 999,856	\$ 1,065,822
Capital assets, being depreciated, net	119,093	134,102	119,093	134,102
Total assets	<u>1,118,949</u>	<u>1,199,924</u>	<u>1,118,949</u>	<u>1,199,924</u>
Current liabilities	<u>74,965</u>	<u>28,417</u>	<u>74,965</u>	<u>28,417</u>
Total liabilities	<u>74,965</u>	<u>28,417</u>	<u>74,965</u>	<u>28,417</u>
Net assets:				
Invested in capital assets, net of related debt	119,093	134,102	119,093	134,102
Unrestricted	<u>924,891</u>	<u>1,037,405</u>	<u>924,891</u>	<u>1,037,405</u>
Total net assets	<u>\$ 1,043,984</u>	<u>\$ 1,171,507</u>	<u>\$ 1,043,984</u>	<u>\$ 1,171,507</u>

The Regional Office of Education's net assets decreased by approximately \$127,523 from FY04. The decrease occurred primarily in the Governmental Fund as a result of grant reductions in vital services and increases in purchased services expense.

The following analysis shows the changes in net assets for the years ended June 30, 2005 and 2004.

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 2,144,713	\$ 1,986,900	\$ 2,144,713	\$ 1,986,900
General revenues:				
Local sources	699,082	643,748	699,082	643,748
On-behalf payments	229,737	271,826	229,737	271,826
Interest	15,949	15,476	15,949	15,476
Total revenues	<u>3,089,481</u>	<u>2,917,950</u>	<u>3,089,481</u>	<u>2,917,950</u>
Expenses:				
Programs expenses:				
Salaries and benefits	1,429,384	1,354,366	1,429,384	1,354,366
Purchased services	1,010,909	889,371	1,010,909	889,371
Supplies and materials	179,469	145,833	179,469	145,833
Capital outlay	-	14,600	-	14,600
Other objects	56,827	27,226	56,827	27,226
Payments to other governments	254,965	232,084	254,965	232,084
Depreciation	55,713	57,202	55,713	57,202
Administrative expenses:				
On-behalf payments - state	229,737	271,826	229,737	271,826
Total expenses	<u>3,217,004</u>	<u>2,992,508</u>	<u>3,217,004</u>	<u>2,992,508</u>
Changes in net assets	(127,523)	(74,558)	(127,523)	(74,558)
Net assets, beginning of year	<u>1,171,507</u>	<u>1,246,065</u>	<u>1,171,507</u>	<u>1,246,065</u>
Net assets, end of year	<u>\$ 1,043,984</u>	<u>\$ 1,171,507</u>	<u>\$ 1,043,984</u>	<u>\$ 1,171,507</u>

Governmental Activities

Revenues for governmental activities were \$3,089,481 and expenditures were \$3,217,004. The Regional Office of Education #12 did not fill some vacant job positions and used local funds to pay for current expenses. Due to budgetary restraints it was necessary to assign duties of vacated positions to existing staff. Some job responsibilities were assumed by office staff rather than contracted for services. While these measures resolved current expense requirements, the continued practice of this approach was found to impair the daily functioning and services of the Regional Office. To comply with previous recommendations and government regulations, reorganization of the accounting process was essential. In order to expedite immediate needs/requirements, a part-time person was employed and additional mandated functions were contracted.

Financial Analysis of the Regional Office of Education #12 Funds

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

The Office's Governmental Funds reported combined fund balances of \$924,891 in FY05 and \$1,037,405 in FY04. The primary reason for the decrease in combined fund balances in FY05 and FY04 was the increase in expenditures.

Governmental Fund Highlights:

- A reduction in FY05 dollars in school improvement services continues to impact operations. The S.O.S. (System of Support) Grant has helped to blunt the impact of the reductions. However, an insufficient amount of funds was received to provide services. In order to continue providing high-level services, monies will have to be obtained from other sources.
- The dollar return on investments (certificates of deposit, short term investments) was reduced because of low interest rates.
- County support for the Regional Office of Education #12 was again reduced.
- The delay in some grant funding payments continues to be a financial hardship.
- There was an increase in the state aid foundation level to \$4,964 per student from \$4,810. This increase helped to maintain services for the Regional Safe Schools Program and Truant Alternative Optional Education Program.

Budgetary Highlights:

The ROE #12 annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the ROE #12 amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and state sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the ROE's actual financial activity is included in the supplementary information section of this report on page 48 and pages 57 through 64.

Capital Assets

Capital Assets of the Regional Office of Education #12 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #12 maintains an inventory of capital assets that has accumulated over time. The increase for FY05 was \$40,704 which came as a result of funding for the purchase of equipment provided to the Regional Office of Education #12. No assets were disposed of during this fiscal year. In addition, the Regional Office of Education #12 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office was aware of several existing circumstances that could affect its financial health in the future:

- The State of Illinois Foundation level used in the calculation has increased to \$5,164 per student.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or at previous levels.
- County Board support of the Regional Office of Education #12 for the year ended June 30, 2006 will remain at the same level as FY 05.
- The Regional Office of Education #12 is assuming additional projects and rendering new services to help alleviate budget constraints due to reduced funding. Examples include ROE #12/EIU Cohorts and Fingerprinting.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #12, 103 W. Main Street, Olney, IL 62450.

BASIC FINANCIAL STATEMENTS

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

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

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 978,513
Due from other governments	<u>21,343</u>
Total current assets	999,856
Noncurrent assets:	
Capital assets, net	<u>119,093</u>
Total assets	<u>1,118,949</u>
LIABILITIES	
Current liabilities:	
Accounts payable	23,506
Due to other governments	14,025
Unearned revenue	<u>37,434</u>
Total liabilities	<u>74,965</u>
NET ASSETS	
Investment in capital assets, net of related debt	119,093
Unrestricted	<u>924,891</u>
Total net assets	<u><u>\$ 1,043,984</u></u>

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

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

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

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expenses) Revenue and Changes in Net Assets</u> Governmental Activities
Governmental Activities:			
Instructional services:			
Salaries and benefits	\$ 1,429,384	\$ 1,071,663	\$ (357,721)
Purchased services	1,010,909	605,258	(405,651)
Supplies and materials	179,469	133,337	(46,132)
Capital outlay	-	40,503	40,503
Other objects	56,827	38,987	(17,840)
Payments to other governments	254,965	254,965	-
Depreciation	55,713	-	(55,713)
Administrative:			
On-behalf payments	229,737	-	(229,737)
Total governmental activities	<u>\$ 3,217,004</u>	<u>\$ 2,144,713</u>	<u>(1,072,291)</u>
General revenues:			
Local sources			699,082
On-behalf payments			229,737
Interest			15,949
Total general revenues			<u>944,768</u>
Change in net assets			(127,523)
Net assets - beginning			<u>1,171,507</u>
Net assets - ending			<u>\$ 1,043,984</u>

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

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

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

	General	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash	\$ 333,676	\$ 537,982	\$ 106,855	\$ 978,513
Due from other funds	11,718	-	-	11,718
Due from other governments	-	21,343	-	21,343
Total assets	<u>\$ 345,394</u>	<u>\$ 559,325</u>	<u>\$ 106,855</u>	<u>\$ 1,011,574</u>
LIABILITIES				
Accounts payable	\$ 5,703	\$ 17,803	\$ -	\$ 23,506
Due to other funds	-	11,718	-	11,718
Due to other governments	-	14,025	-	14,025
Unearned revenue	-	35,896	1,538	37,434
Total liabilities	<u>5,703</u>	<u>79,442</u>	<u>1,538</u>	<u>86,683</u>
FUND BALANCES				
Unreserved, reported in:				
General fund	339,691	-	-	339,691
Special revenue funds	-	479,883	105,317	585,200
Total fund balances	<u>339,691</u>	<u>479,883</u>	<u>105,317</u>	<u>924,891</u>
Total liabilities and fund balances	<u>\$ 345,394</u>	<u>\$ 559,325</u>	<u>\$ 106,855</u>	<u>\$ 1,011,574</u>

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

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

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

Total fund balances-governmental funds	\$ 924,891
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>119,093</u>
Net assets of governmental activities	<u><u>\$1,043,984</u></u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2005**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 645,488	\$ 24,987	\$ 28,607	\$ 699,082
State sources	64,310	1,037,092	5,600	1,107,002
Federal sources	-	1,037,711	-	1,037,711
On-behalf payments	229,737	-	-	229,737
Interest income	13,256	2,118	575	15,949
Total revenues	952,791	2,101,908	34,782	3,089,481
Expenditures:				
Education:				
Salaries and benefits	362,550	1,065,190	1,644	1,429,384
Purchased services	363,606	616,894	30,409	1,010,909
Supplies and materials	38,437	141,032	-	179,469
Capital outlay	6,820	33,884	-	40,704
Payments to other governments	-	254,965	-	254,965
Other objects	5,675	49,652	1,500	56,827
On-behalf payments	229,737	-	-	229,737
Total expenditures	1,006,825	2,161,617	33,553	3,201,995
Excess (deficiency) of revenues over (under) expenditures	(54,034)	(59,709)	1,229	(112,514)
Other financing sources (uses):				
Transfers in	-	-	422	422
Transfers out	(422)	-	-	(422)
Total other financing sources (uses)	(422)	-	422	-
Net change in fund balances	(54,456)	(59,709)	1,651	(112,514)
Fund balances, beginning of year	394,147	539,592	103,666	1,037,405
Fund balances, end of year	\$ 339,691	\$ 479,883	\$ 105,317	\$ 924,891

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

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

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

For the year ended June 30, 2005

Net change in fund balances \$ (112,514)

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 40,704	
Depreciation expense	<u>(55,713)</u>	<u>(15,009)</u>
Change in net assets of governmental activities		<u>\$ (127,523)</u>

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

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2005

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 13
Due from other governments	<u>396,204</u>
Total assets	<u>\$ 396,217</u>
LIABILITIES	
Accounts payable	\$ 13
Due to other governments	<u>396,204</u>
Total liabilities	<u>\$ 396,217</u>

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

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major governmental funds:

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

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

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

Technology Hub - To account for monies used to update/purchase technology items for the Regional Office of Education #12's offices and schools within the five-county area.

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

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

Education - These Special Revenue Funds account for the State and federal grant monies received for administering numerous grant awards which include:

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

HIV - To account for funds to provide professional development for administrators, staff and teachers for HIV awareness.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Fed-Special Education-IDEA Discretionary - To account for grant monies received to provide professional development activities to special education administrators throughout the State of Illinois.

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

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

Title I – Reading First Part B SEA Funds - To account for grant monies received to deliver the statewide Reading Academies designed for kindergarten through second grade teachers, including instruction in the five essential components of early reading instruction using assessment to guide instruction and classroom management.

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

Technology Enhancing Education - To account for federal grant monies received to enhance technology integration within Area 6 North schools.

Math/Science Partnership – To increase the academic achievement of students in mathematics and science by enhancing the content knowledge and teaching skills of classroom teachers.

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

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

Title IV Innovative Programs LEA Leadership – To account for the federal grant monies received to provide innovative program activities to the educators throughout the State of Illinois

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following nonmajor funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

Institute - To account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences and workshops.

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

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

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

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

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

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

Payroll - To process employee wages and benefits/deductions

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

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

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

2. Interfund Transactions

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

3. Capital assets

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Compensated Absences

It is Regional Office of Education #12's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. However, if, at the end of the fiscal year, the vacation and sick days are still unused, then they will be lost by the employees. Therefore, there were no accrued compensated absences as of June 30, 2005.

5. Equity Classifications

Government-wide Statements

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

Investment in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation.

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

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

Fund Statements

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

E. New Accounting Pronouncement

The GASB has issued Statement No. 40, *Deposit and Investment Risk Disclosures*, effective for the Regional Office of Education #12's fiscal year beginning July 1, 2004. Statement No. 40 establishes additional disclosure requirements addressing common risks of investments. The Statement had no effect on the Regional Office of Education #12's net assets or changes in net assets.

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

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(15,009) difference are as follows:

Capital outlay - assets owned by the Regional Office	\$ 40,704
Depreciation expense	<u>(55,713)</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (15,009)</u>

3. BUDGETS AND BUDGETARY ACCOUNTING

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

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budget versus actual statements have been presented for the following grants: ROE/ISC Operations, Truants Alternative/Optional Education, Fed. Special Education-IDEA Discretionary, Title IV Safe and Drug Free Schools, Regional Safe Schools, Title I – Reading First Part B SEA Funds, Technology-Learning Technology Centers and Technology Enhancing Education.

4. USE OF ESTIMATES

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

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

NOTES TO FINANCIAL STATEMENTS

5. AGREEMENTS WITH SCHOOL DISTRICTS WITHIN THE REGION

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

6. DEPOSITS

At June 30, 2005, the carrying amount of the Regional Office of Education #12's cash deposits for the governmental and fiduciary funds was \$978,513 and \$13, respectively, and the bank balance for the governmental and fiduciary funds was \$1,111,521 and \$1,877,891, respectively. Of the total bank balance, \$560,394 was secured by federal depository insurance and \$2,429,018 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #12's name.

7. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 300,406	\$ 40,704	\$ -	\$ 341,110
Less accumulated depreciation for:				
Machinery and equipment	(166,304)	(55,713)	-	(222,017)
Governmental activities capital assets, net	\$ 134,102	\$ (15,009)	\$ -	\$ 119,093

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

Governmental activities:	
Instructional services:	
Expenditures:	
Depreciation	\$ 55,713

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

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2005 was 9 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.5 percent during the year ended June 30, 2005 and the member THIS Fund health insurance contribution was 0.75 percent.

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

On-behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #12. For the year ended June 30, 2005, State of Illinois contributions were made based on 11.76 percent of creditable earnings, and the Regional Office of Education #12 recognized revenue and expenditures of \$84,709 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2004, and June 30, 2003, the State of Illinois contribution rates as percentages of creditable earnings were 13.98 percent (\$95,121) and 13.01 percent (\$83,501).

The Regional Office of Education #12 makes three other types of employer contributions directly to TRS.

2.2 Formula Contributions - For the years ended June 30, 2005 and June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the years ending June 30, 2005 and June 30, 2004 were \$4,178 and \$3,972, respectively.

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

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

For the year ended June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. Contributions for the year ended June 30, 2003 were \$1,155.

Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #12, there is a statutory requirement for the Regional Office of Education #12 to pay an employer pension contribution from those funds. For the three years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2005, salaries totaling \$90,244 were paid from federal and trust funds that required employer contributions of \$9,476. For the years ended June 30, 2004 and June 30, 2003, required contributions were \$6,125 and \$5,535, respectively.

Early Retirement Option - The Regional Office of Education #12 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service.

The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the years ended June 30, 2005, 2004, 2003, the Regional Office of Education #12 paid no employer contributions under the Early Retirement Option.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

New employer contributions

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

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

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

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

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

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

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

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2004. The report for the year ended June 30, 2005, is expected to be available in late 2005.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P. O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at www.trs.state.il.us.

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

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

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

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #12 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 11.87 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 2 years.

For December 31, 2004, the employer's annual pension cost of \$113,224 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually.

The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

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

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$ 113,224	100%	\$ -
12/31/03	78,371	100%	-
12/31/02	53,123	100%	-
12/31/01	85,744	100%	-
12/31/00	91,201	100%	-
12/31/99	98,561	100%	-
12/31/98	81,666	100%	-
12/31/97	64,258	100%	-
12/31/96	56,267	100%	-
12/31/95	21,831	100%	-

Schedule of Funding Progress

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

C. Social Security

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

9. BOND

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

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

NOTES TO FINANCIAL STATEMENTS

10. INTERFUND RECEIVABLES AND PAYABLES

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

Due To	Due From	Balance at June 30, 2005
General Fund:	Education Fund:	
Office	Regional Safe School	\$ 3,912
Special Projects	Truant Alternative/Optional Education	3,538
Special Projects	Learning Technology Center	4,268
		\$ 11,718

The interfund receivables to the General Fund are temporary advances to Education Fund accounts that are awaiting funds provided by ISBE and other Regional Offices of Education.

11. SCHEDULE OF TRANSFERS

At June 30, 2005, transfers were as follows:

Transfer From Other Funds (Transfer In)	Transfer To Other Funds (Transfers Out)
Nonmajor Governmental Fund:	General Fund:
School Bus Transportation	Special Projects
422	422
\$ 422	\$ 422

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

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

NOTES TO FINANCIAL STATEMENTS

12. DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments

Illinois State Board of Education	\$ 403,685
Regional Office of Education #2	13,591
Regional Office of Education #20	271
Total	\$ 417,547

Due To Other Governments

Community Unit School District #20	\$ 14,025
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13. ON-BEHALF PAYMENTS

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

Regional Superintendent salary	\$ 84,737
Regional Superintendent benefits (includes State paid insurance)	18,968
Assistant Regional Superintendent salary	40,732
Assistant Regional Superintendent benefits (includes State paid insurance)	591
TRS pension contributions	84,709
	\$ 229,737

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

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

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

NOTES TO FINANCIAL STATEMENTS

14. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

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

15. CONTINGENCIES

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

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/04	\$ 1,835,454	\$ 1,810,446	\$ (25,008)	101.38%	\$ 953,869	-
12/31/03	1,690,380	1,877,935	187,555	90.01%	1,299,680	14.43%
12/31/02	1,749,799	1,801,766	51,967	97.12%	1,338,105	3.88%
12/31/01	1,929,998	1,779,191	(150,807)	108.48%	1,205,963	-
12/31/00	1,692,545	1,496,164	(196,381)	113.13%	1,098,811	-
12/31/99	1,510,881	1,411,319	(99,562)	107.05%	998,593	-
12/31/98	1,187,936	1,212,851	24,915	97.95%	785,254	3.17%
12/31/97	1,023,597	1,109,730	86,133	92.24%	781,453	11.02%
12/31/96	837,907	930,825	92,918	90.02%	640,124	14.52%
12/31/95	28,238	174,592	146,354	16.17%	206,919	70.73%

On a market value basis, the actuarial value of assets as of December 31, 2004 was \$1,840,008. On a market value basis, the funded ratio would be 101.63%.

Digest of Changes

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

The principal changes were:

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

SUPPLEMENTAL INFORMATION

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

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

	<u>ROE/ISC Operations</u>	<u>Special Projects</u>	<u>Technology Hub</u>	<u>Office</u>
ASSETS				
Cash	\$ -	\$ 89,290	\$ 23,437	\$ 101,206
Due from other funds	-	9,532	-	3,912
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 98,822</u>	<u>\$ 23,437</u>	<u>\$ 105,118</u>
LIABILITIES				
Accounts payable	\$ -	\$ 5,703	\$ -	\$ -
Due to other funds	-	-	-	1,726
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	5,703	-	1,726
FUND BALANCE				
Unreserved	<u>-</u>	<u>93,119</u>	<u>23,437</u>	<u>103,392</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 98,822</u>	<u>\$ 23,437</u>	<u>\$ 105,118</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (continued)
GENERAL FUND
June 30, 2005**

	<u>Local</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS			
Cash	\$ 119,743	\$ -	\$ 333,676
Due from other funds	<u>-</u>	<u>(1,726)</u>	<u>11,718</u>
Total assets	<u>\$ 119,743</u>	<u>\$ (1,726)</u>	<u>\$ 345,394</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 5,703
Due to other funds	<u>-</u>	<u>(1,726)</u>	<u>-</u>
	-	(1,726)	5,703
FUND BALANCE			
Unreserved	<u>119,743</u>	<u>-</u>	<u>339,691</u>
Total liabilities and fund balance	<u>\$ 119,743</u>	<u>\$ (1,726)</u>	<u>\$ 345,394</u>

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

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

	ROE/ISC Operations	Special Projects	Technology Hub
Revenues:			
Local sources	\$ -	\$ 205,379	\$ 11,023
State sources	64,310	-	-
On-behalf payments	-	-	-
Interest income	-	11,123	453
	64,310	216,502	11,476
Total revenues	64,310	216,502	11,476
Expenditures:			
Salaries and benefits	62,182	225	12,355
Purchased services	2,028	216,203	94
Supplies and materials	100	1,510	4,160
Capital outlay	-	-	2,612
Other objects	-	5,675	-
On-behalf payments	-	-	-
	64,310	223,613	19,221
Total expenditures	64,310	223,613	19,221
Excess (deficiency) of revenues over (under) expenditures	-	(7,111)	(7,745)
Other financing uses:			
Transfers out	-	(422)	-
	-	(422)	-
Net change in fund balance	-	(7,533)	(7,745)
Fund balance, beginning of year	-	100,652	31,182
	-	100,652	31,182
Fund balance, end of year	\$ -	\$ 93,119	\$ 23,437

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2005**

	Office	Local	Total
Revenues:			
Local sources	\$ 216,361	\$ 212,725	\$ 645,488
State sources	-	-	64,310
On-behalf payments	229,737	-	229,737
Interest income	1,136	544	13,256
	447,234	213,269	952,791
 Expenditures:			
Salaries and benefits	203,668	84,120	362,550
Purchased services	28,522	116,759	363,606
Supplies and materials	7,568	25,099	38,437
Capital outlay	4,208	-	6,820
Other objects	-	-	5,675
On-behalf payments	229,737	-	229,737
	473,703	225,978	1,006,825
 Excess (deficiency) of revenues over (under) expenditures	(26,469)	(12,709)	(54,034)
 Other financing uses:			
Transfers out	-	-	(422)
	(26,469)	(12,709)	(54,456)
 Fund balance, beginning of year	129,861	132,452	394,147
 Fund balance, end of year	\$ 103,392	\$ 119,743	\$ 339,691

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 64,310	\$ 64,310	\$ 64,310	\$ -
Total revenues	<u>64,310</u>	<u>64,310</u>	<u>64,310</u>	<u>-</u>
Expenditures:				
Salaries and benefits	62,238	62,238	62,182	(56)
Purchased services	1,872	1,872	2,028	156
Supplies and materials	100	100	100	-
Payments to other governments	100	100	-	(100)
Total expenditures	<u>64,310</u>	<u>64,310</u>	<u>64,310</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

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

	<u>Truants Alternative/ Optional Education</u>	<u>HIV</u>	<u>Fed-Special Education- IDEA Discretionary</u>	<u>Title IV Safe and Drug Free Schools</u>
ASSETS				
Cash	\$ 188,600	\$ 12,634	\$ -	\$ 23,262
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 188,600</u>	<u>\$ 12,634</u>	<u>\$ -</u>	<u>\$ 23,262</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,538	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	<u>-</u>	<u>12,634</u>	<u>-</u>	<u>23,262</u>
Total liabilities	3,538	12,634	-	23,262
FUND BALANCE				
Unreserved	<u>185,062</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 188,600</u>	<u>\$ 12,634</u>	<u>\$ -</u>	<u>\$ 23,262</u>

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

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

	<u>Regional Safe Schools</u>	<u>Title I - Reading First Part B SEA Funds</u>	<u>Technology - Learning Technology Centers</u>
ASSETS			
Cash	\$ 298,733	\$ -	\$ 728
Due from other governments	<u>-</u>	<u>-</u>	<u>7,481</u>
Total assets	<u><u>\$ 298,733</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,209</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 3,941
Due to other funds	3,912	-	4,268
Due to other governments	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	3,912	-	8,209
FUND BALANCE			
Unreserved	<u>294,821</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 298,733</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,209</u></u>

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

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

	<u>Technology Enhancing Education</u>	<u>Math/Science Partnership</u>	<u>McKinney Ed. For Homeless Children</u>
ASSETS			
Cash	\$ 14,025	\$ -	\$ -
Due from other governments	<u>271</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 14,296</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES			
Accounts payable	\$ 271	\$ -	\$ -
Due to other funds	-	-	-
Due to other governments	14,025	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	14,296	-	-
FUND BALANCE			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 14,296</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

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

	System of Support	Title IV Innovative Programs LEA Leadership	Totals
ASSETS			
Cash	\$ -	\$ -	\$ 537,982
Due from other governments	13,591	-	21,343
	\$ 13,591	\$ -	\$ 559,325
LIABILITIES			
Accounts payable	\$ 13,591	\$ -	\$ 17,803
Due to other funds	-	-	11,718
Due to other governments	-	-	14,025
Unearned revenue	-	-	35,896
	13,591	-	79,442
FUND BALANCE			
Unreserved	-	-	479,883
	\$ 13,591	\$ -	\$ 559,325

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

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

	Truants Alternative/ Optional Education	HIV	Fed-Special Education- IDEA Discretionary	Title IV Safe and Drug Free Schools
Revenues:				
Local sources	\$ 11,120	\$ -	\$ -	\$ -
State sources	654,054	-	-	-
Federal sources	-	-	243,500	330,602
Interest income	1,701	-	-	-
Total revenues	666,875	-	243,500	330,602
Expenditures:				
Salaries and benefits	574,842	-	60,054	71,838
Purchased services	107,280	-	161,848	216,402
Supplies and materials	48,880	-	21,598	32,619
Capital outlay	15,579	-	-	-
Payments to other governments	-	-	-	-
Other objects	-	-	-	9,743
Total expenditures	746,581	-	243,500	330,602
Net change in fund balance	(79,706)	-	-	-
Fund balance, beginning of year	264,768	-	-	-
Fund balance, end of year	\$ 185,062	\$ -	\$ -	\$ -

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

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

	Regional Safe Schools	Title I - Reading First Part B SEA Funds	Technology - Learning Technology Centers
Revenues:			
Local sources	\$ -	\$ -	\$ 8,135
State sources	217,191	-	165,847
Federal sources	36,792	28,459	-
Interest income	-	-	314
	253,983	28,459	174,296
Expenditures:			
Salaries and benefits	195,727	7,456	99,003
Purchased services	2,504	11,913	48,179
Supplies and materials	1,391	9,090	6,676
Capital outlay	10,298	-	6,500
Payments to other governments	-	-	-
Other objects	24,066	-	13,938
	233,986	28,459	174,296
Net change in fund balance	19,997	-	-
Fund balance, beginning of year	274,824	-	-
Fund balance, end of year	\$ 294,821	\$ -	\$ -

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

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

	Technology Enhancing Education	Math/Science Partnership	McKinney Ed. For Homeless Children
Revenues:			
Local sources	\$ 1,906	\$ 3,826	\$ -
State sources	-	-	-
Federal sources	300,303	-	26,717
Interest income	-	-	103
Total revenues	<u>302,209</u>	<u>3,826</u>	<u>26,820</u>
Expenditures:			
Salaries and benefits	-	3,113	9,555
Purchased services	50,949	629	3,158
Supplies and materials	1,015	84	14,107
Capital outlay	-	-	-
Payments to other governments	248,340	-	-
Other objects	1,905	-	-
Total expenditures	<u>302,209</u>	<u>3,826</u>	<u>26,820</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	System of Support	Title IV Innovative Programs LEA Leadership	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 24,987
State sources	-	-	1,037,092
Federal sources	51,338	20,000	1,037,711
Interest income	-	-	2,118
Total revenues	51,338	20,000	2,101,908
Expenditures:			
Salaries and benefits	23,797	19,805	1,065,190
Purchased services	13,837	195	616,894
Supplies and materials	5,572	-	141,032
Capital outlay	1,507	-	33,884
Payments to other governments	6,625	-	254,965
Other objects	-	-	49,652
Total expenditures	51,338	20,000	2,161,617
Net change in fund balance	-	-	(59,709)
Fund balance, beginning of year	-	-	539,592
Fund balance, end of year	\$ -	\$ -	\$ 479,883

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 11,120	\$ 11,120
State sources	397,564	397,564	654,054	256,490
Interest income	-	-	1,701	1,701
Total revenues	<u>397,564</u>	<u>397,564</u>	<u>666,875</u>	<u>269,311</u>
Expenditures:				
Salaries and benefits	325,024	325,024	574,842	249,818
Purchased services	37,040	37,040	107,280	70,240
Supplies and materials	20,000	20,000	48,880	28,880
Capital outlay	15,500	15,500	15,579	79
Total expenditures	<u>397,564</u>	<u>397,564</u>	<u>746,581</u>	<u>349,017</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(79,706)	<u>\$ (79,706)</u>
Fund balance, beginning of year			<u>264,768</u>	
Fund balance, end of year			<u>\$ 185,062</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FED-SPECIAL EDUCATION-IDEA DISCRETIONARY – PROJECT #05-4630-00
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 243,500	\$ 243,500	\$ 243,500	\$ -
Total revenues	<u>243,500</u>	<u>243,500</u>	<u>243,500</u>	<u>-</u>
Expenditures:				
Salaries and benefits	60,227	60,227	60,054	(173)
Purchased services	177,415	164,058	161,848	(2,210)
Supplies and materials	5,858	19,215	21,598	2,383
Total expenditures	<u>243,500</u>	<u>243,500</u>	<u>243,500</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE IV SAFE AND DRUG FREE SCHOOLS – PROJECT #04-4415-00
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 300,000	\$ 300,000	\$ 45,077	\$ (254,923)
Total revenues	300,000	300,000	45,077	(254,923)
Expenditures:				
Salaries and benefits	60,629	72,551	12,548	(60,003)
Purchased services	213,811	201,889	19,248	(182,641)
Supplies and materials	19,200	19,200	7,122	(12,078)
Other objects	6,360	6,360	6,159	(201)
Total expenditures	300,000	300,000	45,077	(254,923)
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE IV SAFE AND DRUG FREE SCHOOLS – PROJECT #05-4415-00
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 300,000	\$ 372,000	\$ 285,525	\$ (86,475)
Total revenues	<u>300,000</u>	<u>372,000</u>	<u>285,525</u>	<u>(86,475)</u>
Expenditures:				
Salaries and benefits	72,054	72,054	59,290	(12,764)
Purchased services	170,020	259,571	197,154	(62,417)
Supplies and materials	51,566	34,015	25,497	(8,518)
Other objects	<u>6,360</u>	<u>6,360</u>	<u>3,584</u>	<u>(2,776)</u>
Total expenditures	<u>300,000</u>	<u>372,000</u>	<u>285,525</u>	<u>(86,475)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

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

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 110,051	\$ 110,051	\$ 217,191	\$ 107,140
Federal sources	15,364	15,364	36,792	21,428
Total revenues	<u>125,415</u>	<u>125,415</u>	<u>253,983</u>	<u>128,568</u>
Expenditures:				
Salaries and benefits	121,520	121,520	195,727	74,207
Purchased services	2,504	2,504	2,504	-
Supplies and materials	1,391	1,391	1,391	-
Capital outlay	-	-	10,298	10,298
Other objects	-	-	24,066	24,066
Total expenditures	<u>125,415</u>	<u>125,415</u>	<u>233,986</u>	<u>108,571</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	19,997	<u>\$ 19,997</u>
Fund balance, beginning of year			<u>274,824</u>	
Fund balance, end of year			<u>\$ 294,821</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

**TITLE I – READING FIRST PART B SEA FUNDS – PROJECT #05-4337-02
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 28,459	\$ 28,459	\$ 28,459	\$ -
Total revenues	28,459	28,459	28,459	-
Expenditures:				
Salaries and benefits	6,179	8,001	7,456	(545)
Purchased services	18,125	11,933	11,913	(20)
Supplies and materials	4,155	8,525	9,090	565
Total expenditures	28,459	28,459	28,459	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TECHNOLOGY-LEARNING TECHNOLOGY CENTERS – PROJECT #05-3780-00
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 8,135	\$ 8,135
State sources	165,847	165,847	165,847	-
Interest income	-	-	314	314
	<u>165,847</u>	<u>165,847</u>	<u>174,296</u>	<u>8,449</u>
Total revenues				
Expenditures:				
Salaries and benefits	89,503	99,288	99,003	(285)
Purchased services	59,243	49,458	48,179	(1,279)
Supplies and materials	3,101	5,601	6,676	1,075
Capital outlay	7,000	1,500	6,500	5,000
Other objects	7,000	10,000	13,938	3,938
	<u>165,847</u>	<u>165,847</u>	<u>174,296</u>	<u>8,449</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TECHNOLOGY ENHANCING EDUCATION – PROJECT #05-4972-00
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 1,906	\$ 1,906
Federal sources	276,232	300,303	300,303	-
Total revenues	<u>276,232</u>	<u>300,303</u>	<u>302,209</u>	<u>1,906</u>
Expenditures:				
Purchased services	\$ 38,646	\$ 46,669	50,949	\$ 4,280
Supplies and materials	900	900	1,015	115
Payments to other governments	236,686	252,734	248,340	(4,394)
Other objects	-	-	1,905	1,905
Total expenditures	<u>276,232</u>	<u>300,303</u>	<u>302,209</u>	<u>1,906</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

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

	<u>Institute</u>	<u>General Education Development</u>	<u>School Bus Transportation</u>
ASSETS			
Cash	\$ 84,280	\$ 20,820	\$ 217
Total assets	<u>\$ 84,280</u>	<u>\$ 20,820</u>	<u>\$ 217</u>
LIABILITIES			
Unearned revenue	\$ -	\$ -	\$ -
Total liabilities	-	-	-
FUND BALANCE			
Unreserved	<u>84,280</u>	<u>20,820</u>	<u>217</u>
Total liabilities and fund balance	<u>\$ 84,280</u>	<u>\$ 20,820</u>	<u>\$ 217</u>

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

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

	Supervisory	Regional Board of Trustees	Total
ASSETS			
Cash	\$ -	\$ 1,538	\$ 106,855
Total assets	\$ -	\$ 1,538	\$ 106,855
LIABILITIES			
Unearned revenue	\$ -	\$ 1,538	\$ 1,538
Total liabilities	-	1,538	1,538
FUND BALANCE			
Unreserved	-	-	105,317
Total liabilities and fund balance	\$ -	\$ 1,538	\$ 106,855

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

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

	<u>Institute</u>	<u>General Education Development</u>	<u>School Bus Transportation</u>
Revenues:			
Local sources	\$ 17,992	\$ 7,741	\$ 1,374
State sources	-	-	600
Interest income	436	139	-
Total revenues	<u>18,428</u>	<u>7,880</u>	<u>1,974</u>
 Expenditures:			
Salaries and benefits	-	1,644	-
Purchased services	16,760	5,642	3,007
Other objects	-	-	-
Total expenditures	<u>16,760</u>	<u>7,286</u>	<u>3,007</u>
Excess (deficiency) of revenues over (under) expenditures	1,668	594	(1,033)
 Other financing sources:			
Transfers in	-	-	422
Net change in fund balance	1,668	594	(611)
 Fund balance, beginning of year	<u>82,612</u>	<u>20,226</u>	<u>828</u>
 Fund balance, end of year	<u>\$ 84,280</u>	<u>\$ 20,820</u>	<u>\$ 217</u>

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

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

	Supervisory	Regional Board of Trustees	Total
Revenues:			
Local sources	\$ -	\$ 1,500	\$ 28,607
State sources	5,000	-	5,600
Interest income	-	-	575
	<hr/>	<hr/>	<hr/>
Total revenues	5,000	1,500	34,782
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	-	1,644
Purchased services	5,000	-	30,409
Other objects	-	1,500	1,500
	<hr/>	<hr/>	<hr/>
Total expenditures	5,000	1,500	33,553
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	1,229
Other financing sources:			
Transfers in	-	-	422
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	1,651
Fund balance, beginning of year	-	-	103,666
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ -	\$ -	\$ 105,317
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

	<u>Distributive Fund</u>	<u>Payroll Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 13	\$ 13
Due from other governments	<u>396,204</u>	<u>-</u>	<u>396,204</u>
Total assets	<u><u>\$ 396,204</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ 396,217</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ 13	\$ 13
Due to other governments	<u>396,204</u>	<u>-</u>	<u>396,204</u>
Total liabilities	<u><u>\$ 396,204</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ 396,217</u></u>

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

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

For the year ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 57,913,274	\$ 57,913,274	\$ -
Due from other governments	214,566	58,094,912	57,913,274	396,204
Total assets	\$ 214,566	\$ 116,008,186	\$ 115,826,548	\$ 396,204
LIABILITIES				
Due to other governments	\$ 214,566	\$ 58,094,912	\$ 57,913,274	\$ 396,204
Total liabilities	\$ 214,566	\$ 58,094,912	\$ 57,913,274	\$ 396,204
<u>PAYROLL</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 790,785	\$ 790,772	\$ 13
Total assets	\$ -	\$ 790,785	\$ 790,772	\$ 13
LIABILITIES				
Accounts payable	\$ -	790,785	\$ 790,772	\$ 13
Total liabilities	\$ -	\$ 790,785	\$ 790,772	\$ 13
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 58,704,059	\$ 58,704,046	\$ 13
Due from other governments	214,566	58,094,912	57,913,274	396,204
Total assets	\$ 214,566	\$ 116,798,971	\$ 116,617,320	\$ 396,217
LIABILITIES				
Accounts payable	\$ -	\$ 790,785	\$ 790,772	\$ 13
Due to other governments	214,566	58,094,912	57,913,274	396,204
Total liabilities	\$ 214,566	\$ 58,885,697	\$ 58,704,046	\$ 396,217

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
For the year ended June 30, 2005**

	Clay City Community Unit #10	North Clay Community Unit #25	Flora Community Unit #35	Hutsonville Community Unit #1	Robinson Community Unit #2
General State Aid	\$ 1,338,993	\$ 2,474,943	\$ 5,117,620	\$ 1,260,317	\$ 3,339,348
General State Aid Hold Harmless/Supplemental	-	-	-	-	-
Reorganization Incentive - Feasibility Study	-	-	-	-	-
Transition Assitance	16,317	-	-	-	-
Special Ed - Private Facility Tuition	4,449	15,198	45,607	407	17,994
Special Ed - Extraordinary	12,220	56,589	141,989	25,542	103,923
Special Ed - Personnel	64,979	89,862	216,981	38,180	178,164
Special Ed - Orphanage - Individual	-	34,672	60,991	-	-
Special Ed - Summer School	-	1,255	5,513	-	623
Vocational Ed - Career & Technical Ed Improvement	-	-	-	-	-
Vocational Ed - Agriculture Education	-	-	-	-	-
State Free Lunch and Breakfast	3,606	4,648	11,459	3,615	13,325
School Breakfast Incentive	34	3,657	1,506	58	290
Driver Education	4,137	5,216	13,849	2,313	13,973
Transportation - Regular and Vocational	123,426	271,905	355,409	198,439	562,859
Transportation - Special Education	31,762	43,296	172,221	68,544	160,476
ROE School Bus Driver Training	-	-	-	-	-
National Board Certification Initiatives	-	-	-	-	3,000
Truants Alternative/Optional Education	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-
Early Childhood - Block Grant	109,854	88,916	343,565	95,103	254,167
Reading Improvement Block Grant	16,053	26,880	50,391	15,011	61,151
Reading Improvement Block - Reading Rec.	-	17,861	-	-	-
ROE/ISC Operations	-	-	-	-	-
Supervisory Expense	-	-	-	-	-
ADA Safety and Educational Block Grant	10,424	18,108	39,439	10,966	46,742
Technology - Learning Technology Centers	-	-	-	-	-
Title V - Innovative Programs Formula	2,099	3,167	6,584	2,063	11,136
Breakfast Start Up	-	-	-	-	-
National School Lunch Program	53,514	83,118	188,994	57,028	197,627
Special Milk Program	-	1,256	3,055	-	-
School Breakfast Program	12,522	12,343	52,340	17,397	65,391
Summer Food Service Program	-	-	-	-	-
Title I - Low Income	110,583	244,865	237,953	101,271	333,803
Title I - Reading First Part B SEA Funds	-	-	-	-	-
Title IV - Safe and Drug Free Sch - Formula	4,545	2,445	7,368	2,627	11,195
Title IV - Safe and Drug Free - State Level Prog	-	-	-	-	-
Title IV - Community Service	-	-	-	-	-
Federal - Special Ed - IDEA - Room and Board	19,662	46,068	179,299	958	-
Federal - Special Ed - IDEA - Discretionary	-	-	-	-	-
V.E. - Perkins - Title IIC - Secondary	-	-	-	-	-
Learn and Serve America	-	-	-	-	-
Title II - Teacher Quality	27,298	44,878	68,717	26,632	94,672
Mathematics and Science Partnerships	-	-	-	-	-
Technology - Enhancing Education - Formula	3,141	3,618	6,206	2,560	8,877
Technology - Enhancing Education - Competitive	-	-	-	-	31,704
Other Federal Programs	-	-	65,220	-	57,448
TOTAL	\$ 1,969,618	\$ 3,594,764	\$ 7,392,276	\$ 1,929,031	\$ 5,567,888

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
For the year ended June 30, 2005**

	Palestine Community Unit #3	Oblong Community Unit #4	Jasper County Community Unit #1	Red Hill Community Unit #10	Lawrence County Community Unit #20
General State Aid	\$ 1,547,311	\$ 2,618,570	\$ 1,488,583	\$ 4,522,894	\$ 4,885,410
General State Aid Hold Harmless/Supplemental	-	-	1,028,442	-	-
Reorganization Incentive - Feasibility Study	-	-	-	-	-
Transition Assitance	-	-	-	-	-
Special Ed - Private Facility Tuition	2,553	-	14,749	1,024	6,049
Special Ed - Extraordinary	20,333	62,813	150,536	81,032	31,893
Special Ed - Personnel	44,028	73,905	205,456	118,473	128,607
Special Ed - Orphanage - Individual	-	-	7,097	-	8,761
Special Ed - Summer School	-	-	903	750	1,452
Vocational Ed - Career & Technical Ed Improvement	-	-	-	-	-
Vocational Ed - Agriculture Education	-	-	-	-	-
State Free Lunch and Breakfast	3,046	5,123	12,180	9,300	10,342
School Breakfast Incentive	17	30	-	-	670
Driver Education	4,882	8,454	20,249	11,666	11,383
Transportation - Regular and Vocational	96,387	335,985	798,069	392,323	263,055
Transportation - Special Education	44,832	70,015	245,123	50,641	53,172
ROE School Bus Driver Training	-	-	-	-	-
National Board Certification Initiatives	-	-	-	-	-
Truants Alternative/Optional Education	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-
Early Childhood - Block Grant	53,155	106,279	119,066	219,535	162,531
Reading Improvement Block Grant	16,896	25,142	59,254	44,540	54,646
Reading Improvement Block - Reading Rec.	-	-	-	-	-
ROE/ISC Operations	-	-	-	-	-
Supervisory Expense	-	-	-	-	-
ADA Safety and Educational Block Grant	11,741	19,771	43,241	29,905	35,198
Technology - Learning Technology Centers	-	-	-	-	-
Title V - Innovative Programs Formula	2,177	3,537	49,119	14,937	5,250
Breakfast Start Up	-	-	-	-	-
National School Lunch Program	47,827	75,350	184,884	144,907	138,004
Special Milk Program	-	-	-	1,808	-
School Breakfast Program	10,337	18,369	53,703	47,583	40,716
Summer Food Service Program	-	-	-	6,511	-
Title I - Low Income	157,961	107,082	407,189	342,946	399,954
Title I - Reading First Part B SEA Funds	-	-	-	-	-
Title IV - Safe and Drug Free Sch - Formula	3,545	3,300	15,869	8,542	9,000
Title IV - Safe and Drug Free - State Level Prog	-	-	-	-	-
Title IV - Community Service	-	-	-	-	-
Federal - Special Ed - IDEA - Room and Board	-	-	187,628	70,762	201,142
Federal - Special Ed - IDEA - Discretionary	-	-	-	-	-
V.E. - Perkins - Title IIC - Secondary	-	-	-	-	-
Learn and Serve America	-	-	-	-	109
Title II - Teacher Quality	32,202	35,574	104,932	65,949	88,676
Mathematics and Science Partnerships	-	-	-	-	-
Technology - Enhancing Education - Formula	3,787	2,451	9,272	8,591	12,795
Technology - Enhancing Education - Competitive	-	-	-	-	-
Other Federal Programs	-	-	-	-	-
TOTAL	\$ 2,103,017	\$ 3,571,750	\$ 5,205,544	\$ 6,194,619	\$ 6,548,815

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
For the year ended June 30, 2005**

	East Richland Community Unit #1	West Richland Community Unit #2	Twin Rivers Regional Vocational System	Regional Office of Education #12
General State Aid	\$ 5,908,867	\$ 1,618,871	\$ -	\$ 385,057
General State Aid Hold Harmless/Supplemental	-	-	-	-
Reorganization Incentive - Feasibility Study	-	-	-	6,500
Transition Assitance	-	-	-	-
Special Ed - Private Facility Tuition	25,285	-	-	-
Special Ed - Extraordinary	168,998	37,265	-	-
Special Ed - Personnel	238,897	48,729	-	-
Special Ed - Orphanage - Individual	-	-	-	-
Special Ed - Summer School	4,811	-	-	-
Vocational Ed - Career & Technical Ed Improvement	-	-	200,000	-
Vocational Ed - Agriculture Education	-	-	9,978	-
State Free Lunch and Breakfast	16,811	2,610	-	-
School Breakfast Incentive	75	10,500	-	-
Driver Education	25,390	3,112	-	-
Transportation - Regular and Vocational	544,430	163,651	-	-
Transportation - Special Education	168,990	6,875	-	-
ROE School Bus Driver Training	-	-	-	600
National Board Certification Initiatives	-	-	-	-
Truants Alternative/Optional Education	118,118	-	-	397,564
Regional Safe Schools	-	-	-	125,415
Early Childhood - Block Grant	266,677	94,624	-	-
Reading Improvement Block Grant	79,715	16,642	-	-
Reading Improvement Block - Reading Rec.	-	-	-	-
ROE/ISC Operations	-	-	-	64,310
Supervisory Expense	-	-	-	5,000
ADA Safety and Educational Block Grant	55,706	12,024	-	-
Technology - Learning Technology Centers	-	-	-	170,403
Title V - Innovative Programs Formula	10,494	2,337	-	-
Breakfast Start Up	-	5,400	-	-
National School Lunch Program	273,420	62,468	-	-
Special Milk Program	-	-	-	-
School Breakfast Program	74,433	2,179	-	-
Summer Food Service Program	-	-	-	-
Title I - Low Income	534,445	117,935	-	-
Title I - Reading First Part B SEA Funds	-	-	-	28,459
Title IV - Safe and Drug Free Sch - Formula	14,226	2,652	-	-
Title IV - Safe and Drug Free - State Level Prog	-	-	-	339,973
Title IV - Community Service	-	-	-	4,929
Federal - Special Ed - IDEA - Room and Board	149,776	-	-	-
Federal - Special Ed - IDEA - Discretionary	-	-	-	279,258
V.E. - Perkins - Title IIC - Secondary	-	-	68,768	-
Learn and Serve America	-	-	-	-
Title II - Teacher Quality	146,164	27,547	-	-
Mathematics and Science Partnerships	143,116	-	-	-
Technology - Enhancing Education - Formula	14,048	2,805	-	-
Technology - Enhancing Education - Competitive	-	-	-	300,303
Other Federal Programs	-	-	-	-
TOTAL	\$ 8,982,892	\$ 2,238,226	\$ 278,746	\$ 2,107,771

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
For the year ended June 30, 2005**

	Clay-Jasper- Richland-N. Wayne Regional System	Total
General State Aid	\$ -	\$ 36,506,784
General State Aid Hold Harmless/Supplemental	-	1,028,442
Reorganization Incentive - Feasibility Study	-	6,500
Transition Assitance	-	16,317
Special Ed - Private Facility Tuition	-	133,315
Special Ed - Extraordinary	-	893,133
Special Ed - Personnel	-	1,446,261
Special Ed - Orphanage - Individual	-	111,521
Special Ed - Summer School	-	15,307
Vocational Ed - Career & Technical Ed Improvement	296,366	496,366
Vocational Ed - Agriculture Education	21,591	31,569
State Free Lunch and Breakfast	-	96,065
School Breakfast Incentive	-	16,837
Driver Education	-	124,624
Transportation - Regular and Vocational	-	4,105,938
Transportation - Special Education	-	1,115,947
ROE School Bus Driver Training	-	600
National Board Certification Initiatives	-	3,000
Truants Alternative/Optional Education	-	515,682
Regional Safe Schools	-	125,415
Early Childhood - Block Grant	-	1,913,472
Reading Improvement Block Grant	-	466,321
Reading Improvement Block - Reading Rec.	-	17,861
ROE/ISC Operations	-	64,310
Supervisory Expense	-	5,000
ADA Safety and Educational Block Grant	-	333,265
Technology - Learning Technology Centers	-	170,403
Title V - Innovative Programs Formula	-	112,900
Breakfast Start Up	-	5,400
National School Lunch Program	-	1,507,141
Special Milk Program	-	6,119
School Breakfast Program	-	407,313
Summer Food Service Program	-	6,511
Title I - Low Income	-	3,095,987
Title I - Reading First Part B SEA Funds	-	28,459
Title IV - Safe and Drug Free Sch - Formula	-	85,314
Title IV - Safe and Drug Free - State Level Prog	-	339,973
Title IV - Community Service	-	4,929
Federal - Special Ed - IDEA - Room and Board	-	855,295
Federal - Special Ed - IDEA - Discretionary	-	279,258
V.E. - Perkins - Title IIC - Secondary	91,998	160,766
Learn and Serve America	-	109
Title II - Teacher Quality	-	763,241
Mathematics and Science Partnerships	-	143,116
Technology - Enhancing Education - Formula	-	78,151
Technology - Enhancing Education - Competitive	-	332,007
Other Federal Programs	-	122,668
TOTAL	\$ 409,955	\$ 58,094,912

FEDERAL FINANCIAL COMPLIANCE SECTION

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

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
U.S. Department of Education			
<i>Passed through the Illinois State Board of Education:</i>			
Title I - Reading First Part B SEA Funds	84.357A	05-4337-02	\$ 28,459
(m) Title IV Safe & Drug Free - State Level Program	84.186A	04-4415-00	45,077
(m) Title IV Safe & Drug Free - State Level Program	84.186A	05-4415-00	285,525
Total Title IV Safe & Drug Free - State Level Program			<u>330,602</u>
(m) Fed - Special Education - IDEA Discretionary	84.027A	05-4630-00	243,500
Technology Enhancing Education - Competitive	84.318X	05-4972-00	300,303
Total Illinois State Board of Education			<u>902,864</u>
 <i>Passed through the Illinois State Board of Education passed through ROE #21</i>			
McKinney Education for Homeless Children	84.196A	05-4920-00	26,717
Total ROE #21			<u>26,717</u>
 <i>Passed through the Illinois State Board of Education passed through ROE #25</i>			
Title IV - Innovative Programs LEA Leadership	84.298A	05-4999-00	20,000
Total ROE #25			<u>20,000</u>
 <i>Passed through the Illinois State Board of Education passed through ROE #2</i>			
Title I - Grants to Local Education Agencies	84.010	04-4331-00	51,338
Total ROE #2			<u>51,338</u>
Total U.S. Department of Education			<u>1,000,919</u>

The accompanying notes are an integral part of this schedule.

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

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
U.S. Department of Health and Human Services			
<i>Passed through the Illinois State Board of Education</i>			
Regional Safe Schools State Aid	93.588	05-3001-93	21,428
Regional Safe Schools	93.588	05-3696-00	<u>15,364</u>
Total U.S. Department of Health and Human Services			<u>36,792</u>
TOTAL			<u><u>\$ 1,037,711</u></u>

(m) - major program

The accompanying notes are an integral part of this schedule.

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

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

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes grant activity of the Regional Office of Education #12 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #12 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount provided to subrecipients</u>
Title I - Grants to Local Education Agencies	84.010	<u>\$ 6,625</u>
Technology Enhancing Education - Competitive	84.318X	<u>\$ 248,340</u>

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

Fed-Special Education-IDEA Discretionary - To account for grant monies received to provide professional development activities to special education administrators throughout the State of Illinois.

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

4. NON-CASH ASSISTANCE

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

5. AMOUNT OF INSURANCE

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

6. LOANS OR LOAN GUARANTEES OUTSTANDING

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