

**State of Illinois
DUPAGE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 19**

**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 Office of the Auditor General

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
COMPLIANCE REPORT SUMMARY	2
FINANCIAL STATEMENT REPORT SUMMARY	4
INDEPENDENT AUDITORS' REPORT	5
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	7
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	9
Schedule of Findings and Questioned Costs.....	11
Corrective Action Plan for Current Year Audit Findings.....	18
Summary Schedule of Prior Audit Findings.....	21
Management's Discussion and Analysis.....	22
EXHIBIT	
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets.....	A..... 29
Statement of Activities.....	B..... 30
Balance Sheet - Governmental Funds.....	C..... 31
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	D..... 32
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	E..... 33

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

TABLE OF CONTENTS (CONTINUED)

	EXHIBIT	PAGE
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds.....	F.....	34
Statement of Net Assets - Proprietary Funds.....	G.....	35
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	H.....	36
Statement of Cash Flows - Proprietary Funds.....	I.....	37
Statement of Fiduciary Net Assets - Agency Fund.....	J.....	38
Notes to Financial Statements.....		39

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

	SCHEDULE	
General Fund:		
Combining Schedule of Accounts.....	1.....	59
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	2.....	60
Budgetary Comparison Schedule.....	3.....	61
Education Fund:		
Combining Schedule of Accounts.....	4.....	62
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	5.....	67
Budgetary Comparison Schedules.....	6.....	72
Non-major Special Revenue Funds:		
Combining Balance Sheet.....	7.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8.....	79

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

TABLE OF CONTENTS (CONTINUED)

		PAGE
	SCHEDULE	
Agency Funds:		
Combining Statement of Fiduciary Net Assets.....	9	80
Combining Statement of Changes in Assets and Liabilities.....	10	81
Schedule of Expenditures of Federal Awards.....	11	82
Notes to the Schedule of Expenditures of Federal Awards.....		83

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

OFFICIALS

Regional Superintendent
(current and during the audit period)

Dr. Darlene Ruscitti

Assistant Regional Superintendent
(current and during the audit period)

Mr. Thomas Bookler

Office is located at:

421 North County Farm Road
Wheaton, Illinois 60187

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
JUNE 30, 2005**

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.

AUDITOR'S REPORTS

The auditor's 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	3	3
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	2	4

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
05-1	12	Controls Over Compliance with Laws and Regulations	N/A
05-2	14	Bank reconciliations not Completed Properly and Timely	04-1
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
05-3	16	Improper Accounting of Program Revenues and Expenses	N/A

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
JUNE 30, 2005**

SUMMARY OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Item No.	Page	<u>Description</u>
		PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)
04-2	21	Noncompliance with State Mandates
		PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)
04-3	21	Late Submission of Quarterly Reports

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on December 6, 2005 held at the DuPage County Regional Office of Education No. 19, 421 North County Farm Road, Wheaton, Illinois 60187. Representing the ROE were Darlene Ruscitti, Regional Superintendent and James E. Bauer, Business Manager. Representing E. C. Ortiz & Co., LLP were Stella Marie Santos, Partner, and Leilani Rodrigo, Manager. Responses to the recommendations were provided by Darlene Ruscitti, Regional Superintendent, in a letter dated January 11, 2006.

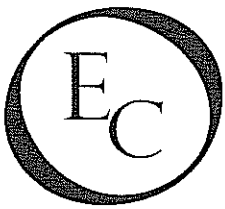
DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
JUNE 30, 2005

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the DuPage County Regional Office of Education No. 19 was performed by E. C. Ortiz & Co., LLP.

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



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2005, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the DuPage County Regional Office of Education No. 19's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2005 on our consideration of the DuPage County Regional Office of Education No. 19'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.

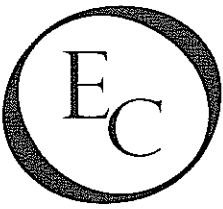
The Management's Discussion and Analysis on pages 22 through 28 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally 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 DuPage County Regional Office of Education No. 19's basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules 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 fund financial statements, budgetary comparison schedules, 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.

E. C. Ortig & Co. LLP

Chicago, Illinois
November 28, 2005



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2005, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements and have issued our report thereon dated November 28, 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 DuPage County Regional Office of Education No. 19's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the DuPage County Regional Office of Education No. 19's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05-2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

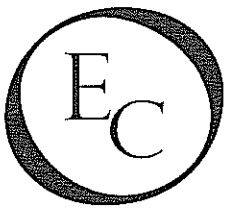
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DuPage County Regional Office of Education No. 19'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 *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 05-1.

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.

E. C. Ortiz & Co. LLP

Chicago, Illinois
November 28, 2005



**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 DuPage County Regional Office of Education No. 19 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 DuPage County Regional Office of Education No. 19's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the DuPage County Regional Office of Education No. 19's management. Our responsibility is to express an opinion on the DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the DuPage County Regional Office of Education No. 19's compliance with those requirements.

In our opinion, the DuPage County Regional Office of Education No. 19 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, we noted 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 05-3.

Internal Control Over Compliance

The management of the DuPage County Regional Office of Education No. 19 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the DuPage County Regional Office of Education No. 19'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 operations 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.

E. C. Ortiz & Co LLP

Chicago, Illinois
November 28, 2005

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's 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)? X Yes _____ None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.558	Regional Safe Schools (TANF)
93.558	Regional Safe Schools - General State Aid (TANF)
84.215S	Partnership in Character Education
84.366B	Mathematics and Science Partnerships

Dollar threshold used to distinguish between type A and type B Programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part II: Findings Related to the Financial Statements

FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations

Criteria/Specific Requirements:

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 her educational service region, and if she 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:

DuPage County Regional Office of Education No. 19 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 No. 19 did not comply with statutory requirements.

Cause:

DuPage County Regional Office of Education No. 19 management stated that the procedures currently being performed are deemed sufficient to comply with this mandate.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part II: Findings Related to the Financial Statements (Continued)

FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations
(Continued)

Auditors' Recommendations:

The Regional Office of Education No. 19 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

Management's Response:

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

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part II: Findings Related to the Financial Statements (Continued)

**FINDING NO. 05-2 - Bank Reconciliations Not Completed Properly and Timely
(Repeated from 2004 and 2003 - Finding Nos. 04-1 and 03-4)**

Criteria/Specific Requirements:

Sound internal controls require bank reconciliations to be performed accurately and promptly. Reconciling items should be investigated immediately and adjustments made to the general ledger. Bank reconciliations should also be reviewed and approved by a person independent of the preparer.

Condition:

The DuPage County Regional Office of Education No. 19 maintains cash and investment balances in 13 bank accounts totaling \$2,411,382 as of June 30, 2005. Bank reconciliations were not prepared timely on these bank accounts for fiscal year 2005. The June 2005 bank reconciliations were completed on November 4, 2005.

We also identified a certificate of deposit amounting to \$44,004 that was not initially recorded in the general ledger as of June 30, 2005.

Effect:

Failure to prepare bank reconciliations properly and on a timely basis may lead to loss or misuse of assets due to improper control and monitoring of bank accounts. Without a monthly reconciliation of all bank accounts, irregularities and inaccuracies in the financial records as well as improper and unauthorized cash transactions may not be detected timely or go undetected.

Cause:

According to ROE officials, the exceptions noted were due to lack of staff and the loss of the business manager in January 2004. The business manager position was not filled until October 2004. Consequently, there has been a backlog in many functions, including the bank reconciliations and the information on the certificate of deposit. In addition, the computerized general ledger system used for general fund bank accounts crashed and the ROE was not able to restore the system until the second quarter of fiscal year 2005. With the limited staff, the ROE did not have sufficient time to scrutinize the general ledger transactions in full detail and perform the monthly bank reconciliation procedures for fiscal year 2005.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part II: Findings Related to the Financial Statements (Continued)

**FINDING NO. 05-2 - Bank Reconciliations Not Completed Properly and Timely
(Repeated from 2004 and 2003 - Finding Nos. 04-1 and 03-4)** (Continued)

Auditor's Recommendation:

The DuPage Regional Office of Education No. 19 should prepare monthly bank reconciliations accurately and on a timely basis. General ledger cash accounts should be assigned to the respective bank accounts and transactions consistently recorded in the appropriate ledger accounts. This would ensure that the cash balance per the ledger is correct and cash transactions are fully accounted for. The ROE should consider training other personnel to perform bank reconciliations in the event of employee leaves or termination.

Management's Response:

The DuPage Regional Office of Education has recognized and agrees with all of the causes that were noted previously by the auditors including staff, documentation, and computer problems. We will aggressively approach this problem to ensure that monthly bank reconciliations are prepared accurately and on time. A plan will be put into place to ensure that this finding does not repeat itself. In addition to training other personnel to perform bank reconciliations, provisions have been made to use outside sourcing to perform this task on a monthly basis if needed.

In regard to the \$44,000 certificate of deposit, the DuPage Regional Office of Education would like to have noted that during the fiscal years 2003-2004, the Finance Department suffered a major crash of one of its computers and were unable to restore all of the important financial material that was held by this machine. With the assistance of the developer of the management software being used, an attempt was made to restore all of the material. It is now apparent that the documentation of this investment was lost and came to light only when the ROE was notified of the renewal of the investment. The documentation of the certificate of deposit, missing as a result of the computer crash, was deposited in the Teacher Institute Fund upon notification of the renewal of the investment from the bank. This was reflected in the general ledger accordingly.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part III: Federal Award Findings

Federal Program Name: Fund for the Improvement of Education
Project Name: Partnership in Character Education
CFDA No. 84.215S
Federal Agency: U. S. Department of Education

FINDING NO. 05-3 - Improper Accounting of Program Revenues and Expenses

Criteria/Specific Requirements

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* Attachment A Section C defines allocable costs as goods and services that are chargeable or assignable to a particular cost objective in accordance with the relative benefits received. It also states that all activities which benefit from the governmental unit's indirect cost will receive an appropriate allocation of indirect costs. It further states that where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required. Section D states that the total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.

The Partnership in Character Education grant budget allows for the reimbursement of indirect costs based on the restricted indirect cost rate established by the School Business and Support Services Division of the Illinois State Board of Education. These funds are used to cover payroll, purchasing, and technology support services provided by DuPage County Regional Office of Education No. 19 to project staff. For the federal program year 2005, the indirect cost rate is 3%.

Condition

In our test of drawdown requests for fiscal year 2005, we noted that indirect cost reimbursements totaling \$4,533 were included in the drawdown requests. However, we noted that the indirect costs charges were not recorded as program expenses and the grant revenues were recorded net of the indirect cost amounts included in the reimbursement. The indirect cost reimbursements were recorded directly as revenues of the Institute Fund.

Questioned Cost

None

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Part III: Federal Award Findings (Continued)

FINDING NO. 05-3 - Improper Accounting of Program Revenues and Expenses
(Continued)

Context:

The total estimated funding for this program from October 1, 2004 through September 30, 2005 is \$155,633 of which \$4,533 represents the indirect cost component. Total direct expenditures for fiscal year 2005 for the Partnership in Character Education grant amounted to \$151,100.

Effect

Program costs and revenues were understated by the allocable indirect cost totaling \$4,533. Accordingly, the amounts reported in the federal drawdown requests do not agree with the accounting records.

Cause

According to ROE management, since the indirect cost portion of the drawdown will ultimately reimburse Professional Services (Local Fund #97), it was not deemed necessary to recognize the amounts as both grant revenues and expenses.

Auditors' Recommendation:

The DuPage Regional Office of Education No. 19 should comply with OMB Circular A-87 and recognize the total cost of Federal awards which would be the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits in its accounting records. In addition, the ROE should ensure that the federal drawdown amounts are traceable to the accounting records and support the Schedule of Expenditures of Federal Awards.

Management Response:

The DuPage Regional Office of Education will in the future comply with OMB Circular A-87. The Finance Department has completed a full review of this finding and all members of this Department are now aware of the correct steps that need to be taken regarding the drawdown of allowable indirect cost amounts. This method of cross training and review should prevent this situation from happening again.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2005**

FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations

Condition:

DuPage County Regional Office of Education No. 19 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:

The Illinois Association of Regional Superintendents of Schools will be developing legislation for presentation to the Illinois General Assembly to delete this and other obsolete passages within the Illinois School Code that apply to the mandates of their office.

Anticipated Date of Completion:

This task hopefully will be completed by January 1, 2007.

Name of Contact Person:

Dr. Darlene Ruscitti, DuPage Regional Superintendent of Schools

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2005**

**FINDING NO. 05-2 - Bank Reconciliations Not Completed Properly and Timely
(Repeated from 2004 and 2003 - Finding Nos. 04-1 and 03-4)**

Condition:

The DuPage County Regional Office of Education No. 19 maintains cash and investment balances in 13 bank accounts totaling \$2,411,382 as of June 30, 2005. Bank reconciliations were not prepared timely on these bank accounts for fiscal year 2005. The June 2005 bank reconciliations were completed on November 4, 2005.

We also identified a certificate of deposit amounting to \$44,004 that was not initially recorded in the general ledger as of June 30, 2005.

Plan:

The DuPage Regional Office of Education will secure the resources of an outside firm to prepare all monthly reconciliations of the 13 bank accounts so that they are done on a timely basis. The documentation of the certificate of deposit, missing as a result of the computer crash, was deposited in the Teacher Institute Fund upon notification of the renewal of the investment from the bank. This was reflected in the general ledger accordingly.

Anticipated Date of Completion:

As of the writing of this response all accounts have been reconciled and are current.

Name of Contact Person:

Mr. James E. Bauer, Business Manager of the DuPage Regional Office of Education

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2005**

FINDING NO. 05-3 - Improper Accounting of Program Revenues and Expenses

Condition

In our test of drawdown requests for fiscal year 2005, we noted that indirect cost reimbursements totaling \$4,533 were included in the drawdown requests. However, we noted that the indirect costs charges were not recorded as program expenses and the grant revenues were recorded net of the indirect cost amounts included in the reimbursement. The indirect cost reimbursements were recorded directly as revenues of the Institute Fund.

Plan:

A full review of this finding will be made by the Finance Office and all of its staff to ensure that the proper steps are taken to be in compliance with OMB Circular A-87 when doing a drawdown of indirect cost from a federal grant.

Anticipated Date of Completion:

This activity will be held prior to January 1, 2006.

Name of Contact Person:

Mr. James E. Bauer, Business Manager of the DuPage Regional Office of Education

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2005**

Finding No.	Condition	Current Status
04-1	Bank Reconciliations not Completed Properly and Timely	Repeated as Finding 05-2
04-2	Noncompliance with State Mandates	Resolved
04-3	Late Submission of Quarterly Reports	Resolved

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

The Regional Office of Education No. 19 for DuPage County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2005 with comparative information for the year ended June 30, 2004. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

Overall Analysis

DuPage County is the second most populated county in Illinois with an estimated figure of 1 million people. Some of the demographic characteristics of the county's population are: Median age: 33, Median family income: \$67,887, Per capita income: \$31,315, Unemployment rate: 2.7%, White persons: 84%, Persons of Hispanic or Latino origin: 9%, High school graduates: 90%. Bachelor's degree or higher: 41.7%. This information remains unchanged and was taken from the 2000 census.

The Regional Office of Education is an intermediate service agency between the Illinois State Board of Education and local school districts and the Office of the Regional Superintendent of Schools performs regulatory functions as directed by the Illinois School Code. In addition to coordinating and delivering state and local services, the Regional Superintendent acts as an advocate for education by providing positive leadership and disseminating information for educators, school districts and the public. Specific duties of the Regional Superintendent are stated in the School Code and can be summarized in two major areas: service and assurance to the public.

DuPage County has 42 school districts consisting of 29 elementary districts, 7 high school districts, and 6 unit districts. These 42 districts have 244 buildings consisting of 167 elementary sites, 52 junior high/middle school sites, and 25 high school sites. The fall enrollment of public school students was 162,949. During FY 2004 these districts had operating budgets in excess of \$1,692,059,297 with 84% coming from local sources, almost 13% from state sources, and 3% from the federal government. These 162,949 students were taught by 11,811 teachers with the support of 307 administrators.

The financial operations of the Regional Office continued to perform well during financial times which saw the level of state and local funding maintain itself. The Regional Office funding is reflective of state and federal grants, local funding (the DuPage County Board), registration fees of teaching certificates, workshops fees from improvement of instruction programs for teachers and administrative academy's for administrators, and training fees for school bus drivers.

In summary, the Regional Office's financial position remains stable and consistent.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

2005 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$59,399 (10%) from \$604,816 in FY 2004 to \$545,417 in FY 2005. General Fund expenditures decreased by \$47,703 (8%) from \$593,010 in FY 2004 to \$545,307 in FY 2005.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$1,058,050 (35%) from \$2,999,396 in FY 2004 to \$4,057,446 in FY 2005. The Special Revenue Fund expenditures increased by \$918,928 (30%) from \$3,095,652 in FY 2004 to \$4,014,580 in FY 2005.
- The Enterprise Fund revenues increased by \$305,877 (111%) from \$275,868 in FY 2004 to \$581,745 in FY 2005. The Enterprise Fund expenditures increased by \$440,969 (161%) from \$274,625 in FY 2004 to \$715,594 in FY 2005.
- The ROE No. 19 has no long term debt.

Using This Report

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

- *Management's Discussion and Analysis* introduces 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 detailed information about the major and non-major funds.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

Overview of the Financial Statements

Government-wide Financial Statements

The Government-wide statements report information about the Regional Office of Education No. 19 as a whole. The Statement of Net Assets includes all of the assets and liabilities, with the difference reported as *net assets*. 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 Generally Accepted Accounting Principles and GASB 34.

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

- 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 financial condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's 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 No. 19 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the Region are financed. 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 the 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 governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the Regional Office of Education No. 19 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

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 FY 2005 amount to \$2,543,429. At the end of FY 2004, the net assets were \$2,582,322. The analysis that follows provides a summary of the Office's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	<u>2005</u>	<u>2004</u>
Current assets	\$ 2,529,602	\$ 2,546,110
Capital assets, net of depreciation	386,915	254,268
Total assets	<u>2,916,517</u>	<u>2,800,378</u>
Current liabilities	<u>373,088</u>	<u>218,056</u>
Total liabilities	<u>373,088</u>	<u>218,056</u>
Net assets		
Invested in capital assets, net of related debt	386,915	254,268
Unrestricted	<u>2,156,514</u>	<u>2,328,054</u>
Total net assets	<u>\$ 2,543,429</u>	<u>\$ 2,582,322</u>

The ROE No. 19's net assets decreased by \$38,893 (2%) from FY 2004. The decrease occurred primarily in the Governmental Funds as a result of grant reductions.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

CHANGE IN NET ASSETS

	2005	2004
Revenues:		
Program revenues:		
Charges for services	\$ 996,524	\$ 893,690
Operating grants and contributions	3,487,244	2,435,796
General revenues:		
State sources	268,372	318,299
Interest income	85,128	16,183
On-behalf payments	276,935	286,517
Total revenues	5,114,203	3,950,485
Expenses:		
Program expenses:		
Instructional services	4,160,567	3,441,229
Administrative	276,935	286,517
Local services	715,594	274,625
Total expenses	5,153,096	4,002,371
Change in net assets	(38,893)	(51,886)
Net assets beginning of year	2,582,322	2,634,208
Net assets end of year	\$2,543,429	\$ 2,582,322

Governmental Activities

Revenues for governmental activities were \$4,602,863 and expenses were \$4,559,887. The Regional Office of Education No. 19 transferred funds from savings (investments) to pay for current expenses. While the transfers resolved current expense requirements, the continued practice of such an approach will impact the financial health of the agency by eroding fund reserves.

Financial Analysis of the Regional Office of Education No. 19 Funds

As previously noted, the Regional Office of Education No. 19 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's Governmental Funds reported combined fund balances of \$1,419,944.

Governmental Fund Highlights

- The State of Illinois granted the Regional Office of Education an operation grant of \$609,914 for FY 2002. The grant for FY 2005 was \$268,372 which represents only 44% of the largest amount granted to the Regional Office. This reduction forces the Regional

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

Office to supplement current operational costs by reducing fund balances to maintain their programs.

- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), were reduced because of the low interest rates. In order to provide services budgeted for the Direct Service Budget, certain investments had to be used.
- County support for the Regional Office of Education No. 19 remained at level funding.
- There was an increase in the state aid foundation level to \$5,164 per student from \$4,810.

Proprietary Fund Highlights

Total proprietary fund net assets decreased by \$32,036 (4%). The increase in the proprietary funds revenues and expenses is due to increase in workshop activities.

Budgetary Highlights

The Regional Office of Education No. 19 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education No. 19 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Regional Office of Education No. 19's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education No. 19 maintains an inventory of capital assets which have been accumulated over time. For FY 2005, total additions amounted to \$209,492 and total retirements amounted to \$0. Depreciation expense for FY 2005 was \$76,845.

Economic Factors and Next Years' 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 aid foundation level has increased to \$5,164 per student.
- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained near or at previous levels.
- County Board support for Regional Office of Education No. 19 remains the same for FY 2005.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

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 No. 19 at 421 North County Farm Road, Wheaton IL 60187.

BASIC FINANCIAL STATEMENTS

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 STATEMENT OF NET ASSETS
 JUNE 30, 2005

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash	\$ 1,146,909	\$ 931,384	\$ 2,078,293
Investments	146,537	-	146,537
Due from (to) other funds	214,236	(214,236)	-
Due from other governmental units	285,350	19,422	304,772
Total current assets	<u>1,793,032</u>	<u>736,570</u>	<u>2,529,602</u>
Noncurrent assets			
Capital assets, net	<u>376,653</u>	<u>10,262</u>	<u>386,915</u>
TOTAL ASSETS	<u>2,169,685</u>	<u>746,832</u>	<u>2,916,517</u>
LIABILITIES			
Accounts payable	239,257	-	239,257
Due to other governmental units	39,469	-	39,469
Deferred revenues	94,362	-	94,362
TOTAL LIABILITIES	<u>373,088</u>	<u>-</u>	<u>373,088</u>
NET ASSETS			
Invested in capital assets, net of related debt	376,653	10,262	386,915
Unrestricted	<u>1,419,944</u>	<u>736,570</u>	<u>2,156,514</u>
TOTAL NET ASSETS	<u>\$ 1,796,597</u>	<u>\$ 746,832</u>	<u>\$ 2,543,429</u>

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contribution	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 1,843,182	\$ -	\$ 1,576,101	\$ (267,081)	\$ -	\$ (267,081)
Benefits	343,654	5,016	283,273	(55,365)	-	(55,365)
Purchased services	1,247,067	170,527	1,023,191	(53,349)	-	(53,349)
Supplies and materials	170,184	31,757	135,851	(2,576)	-	(2,576)
Capital expenditures	72,290	230,189	79,221	237,120	-	237,120
Depreciation	74,830	-	-	(74,830)	-	(74,830)
Payments to other governmental units	409,360	-	389,607	(19,753)	-	(19,753)
Administrative						
On-behalf payments	276,935	-	-	(276,935)	-	(276,935)
Total governmental activities	<u>4,437,502</u>	<u>437,489</u>	<u>3,487,244</u>	<u>(512,769)</u>	<u>-</u>	<u>(512,769)</u>
Business-type activities:						
Local services	715,594	559,035	-	-	(156,559)	(156,559)
Total business-type activities	<u>715,594</u>	<u>559,035</u>	<u>-</u>	<u>-</u>	<u>(156,559)</u>	<u>(156,559)</u>
Total primary government	<u>\$ 5,153,096</u>	<u>\$ 996,524</u>	<u>\$ 3,487,244</u>	<u>(512,769)</u>	<u>(156,559)</u>	<u>(669,328)</u>
General revenues:						
State sources				268,372	-	268,372
Interest income				62,418	22,710	85,128
On-behalf payments				276,935	-	276,935
Transfers				<u>(101,813)</u>	<u>101,813</u>	<u>-</u>
Total general revenues and transfers				<u>505,912</u>	<u>124,523</u>	<u>630,435</u>
Change in net assets				(6,857)	(32,036)	(38,893)
Net assets - beginning				<u>1,803,454</u>	<u>778,868</u>	<u>2,582,322</u>
Net assets - end				<u>\$ 1,796,597</u>	<u>\$ 746,832</u>	<u>\$ 2,543,429</u>

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2005

EXHIBIT C

	General Fund	Institute Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS					
Cash	\$ 12,149	\$ 858,076	\$ 100,111	\$ 176,573	\$ 1,146,909
Investments	-	146,537	-	-	146,537
Due from other funds	-	291,456	15	-	291,471
Due from other governmental units	-	-	285,350	-	285,350
Total assets	12,149	1,296,069	385,476	176,573	1,870,267
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	-	239,257	-	239,257
Due to other funds	-	15	77,220	-	77,235
Due to other governmental units	-	-	39,469	-	39,469
Deferred revenues	-	-	94,362	-	94,362
Total liabilities	-	15	450,308	-	450,323
FUND BALANCES					
Unreserved, reported in					
General fund	12,149	-	-	-	12,149
Special revenue funds	-	1,296,054	(64,832)	176,573	1,407,795
Total fund balances	12,149	1,296,054	(64,832)	176,573	1,419,944
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,149	\$ 1,296,069	\$ 385,476	\$ 176,573	\$ 1,870,267

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

EXHIBIT D

Total fund balance - governmental funds	\$ 1,419,944
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>376,653</u>
Net assets of governmental activities	<u>\$ 1,796,597</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

EXHIBIT E

	General	Institute Fund	Education Fund	Other Non- Major Funds	Total Governmental Funds
REVENUES					
Federal sources	-	-	\$ 1,194,396	-	\$ 1,194,396
State sources	268,372	-	2,286,860	4,000	2,559,232
Local sources					
Licenses and permits	-	390,408	-	9,462	399,870
Miscellaneous	-	20	76,393	33,599	110,012
Interest	110	59,648	2,234	426	62,418
On-behalf payments	276,935	-	-	-	276,935
Total revenues	<u>545,417</u>	<u>450,076</u>	<u>3,559,883</u>	<u>47,487</u>	<u>4,602,863</u>
EXPENDITURES					
Current:					
Instructional services:					
Salaries	187,173	-	1,656,009	-	1,843,182
Benefits	42,000	4,019	297,635	-	343,654
Purchased services	35,368	120,576	1,075,066	16,057	1,247,067
Supplies and materials	2,000	25,445	142,739	-	170,184
Capital expenditures	1,831	184,437	83,237	-	269,505
Payments to governmental units	-	-	409,360	-	409,360
On-behalf payments	276,935	-	-	-	276,935
Total expenditures	<u>545,307</u>	<u>334,477</u>	<u>3,664,046</u>	<u>16,057</u>	<u>4,559,887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	110	115,599	(104,163)	31,430	42,976
OTHER FINANCING USES					
Transfers out	-	(100,819)	(994)	-	(101,813)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	110	14,780	(105,157)	31,430	(58,837)
FUND BALANCES, UNRESERVED, BEGINNING OF YEAR	12,039	1,281,274	40,325	145,143	1,478,781
FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR	<u>\$ 12,149</u>	<u>\$ 1,296,054</u>	<u>\$ (64,832)</u>	<u>\$ 176,573</u>	<u>\$ 1,419,944</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 JUNE 30, 2005**

EXHIBIT F

Net change in fund balances \$ (58,837)

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	\$ 197,215	
Depreciation expense	<u>(74,830)</u>	122,385

Receipts deferred in the governmental funds but recognized in government-wide financial statements in prior year.		<u>(70,405)</u>
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Change in net assets of governmental activities		<u><u>\$ (6,857)</u></u>
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The notes to the financial statements are an integral part of this statement.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2005

EXHIBIT G

	<u>Business Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Local Services</u>	<u>Teacher In- service for DuPage Educators</u>	<u>Criminal Background Investigation</u>	
ASSETS				
Current assets				
Cash	\$ 711,677	\$ 219,707	\$ -	\$ 931,384
Due from other funds	77,220	-	-	77,220
Due from other governmental units	-	-	19,422	19,422
Total current assets	<u>788,897</u>	<u>219,707</u>	<u>19,422</u>	<u>1,028,026</u>
Noncurrent assets				
Capital assets, net	<u>1,072</u>	<u>-</u>	<u>9,190</u>	<u>10,262</u>
Total assets	<u>789,969</u>	<u>219,707</u>	<u>28,612</u>	<u>1,038,288</u>
LIABILITIES				
Due to other funds	<u>-</u>	<u>262,741</u>	<u>28,715</u>	<u>291,456</u>
Total liabilities	<u>-</u>	<u>262,741</u>	<u>28,715</u>	<u>291,456</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,072	-	9,190	10,262
Unrestricted	<u>788,897</u>	<u>(43,034)</u>	<u>(9,293)</u>	<u>736,570</u>
Total net assets	<u>\$ 789,969</u>	<u>\$ (43,034)</u>	<u>\$ (103)</u>	<u>\$ 746,832</u>

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT H

	Business Type Activities - Enterprise Funds			Total
	Local Services	Teacher In-service for DuPage Educators	Criminal Background Investigation	
OPERATING REVENUES				
Charges for services	\$ 209,451	\$ 330,162	\$ 19,422	\$ 559,035
OPERATING EXPENSES				
Purchased services	189,314	433,538	15,106	637,958
Supplies and materials	22,440	28,617	-	51,057
Capital expenditures	7,912	-	2,619	10,531
Depreciation	215	-	1,800	2,015
Miscellaneous	2,188	11,845	-	14,033
Total expenses	222,069	474,000	19,525	715,594
OPERATING LOSS	(12,618)	(143,838)	(103)	(156,559)
NONOPERATING REVENUES				
Interest	22,710	-	-	22,710
INCOME (LOSS) BEFORE OPERATING TRANSFERS	10,092	(143,838)	(103)	(133,849)
OPERATING TRANSFERS				
Transfers in	1,009	100,804	-	101,813
CHANGE IN NET ASSETS	11,101	(43,034)	(103)	(32,036)
TOTAL NET ASSETS, July 1, 2004	778,868	-	-	778,868
TOTAL NET ASSETS, June 30, 2005	\$ 789,969	\$ (43,034)	\$ (103)	\$ 746,832

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT I

	<u>Business Type Activities - Enterprise Funds</u>			
	<u>Local Services</u>	<u>Teacher In- service for DuPage Educators</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 209,451	\$ 592,903	\$ -	\$ 802,354
Payments to suppliers	(320,032)	(474,000)	(17,725)	(811,757)
Net cash provided by (used in) operating activities	(110,581)	118,903	(17,725)	(9,403)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Purchase of equipment	(1,287)	-	(10,990)	(12,277)
Net cash used in capital financing activities	(1,287)	-	(10,990)	(12,277)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Advances from other funds	-	-	28,715	28,715
Transfers from other funds	1,009	100,804	-	101,813
Net cash provided by non-capital financing activities	1,009	100,804	28,715	130,528
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net proceeds from sale of investments	793,298	-	-	793,298
Interest	22,710	-	-	22,710
Net cash provided by investing activities	816,008	-	-	816,008
NET INCREASE IN CASH	705,149	219,707	-	924,856
CASH, BEGINNING OF YEAR	6,528	-	-	6,528
CASH, END OF YEAR	\$ 711,677	\$ 219,707	\$ -	\$ 931,384
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating loss	\$ (12,618)	\$ (143,838)	\$ (103)	\$ (156,559)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	215	-	1,800	2,015
Effects of changes in assets and liabilities:				
Due from (to) other funds	(77,220)	262,741	-	185,521
Due from other governmental units	-	-	(19,422)	(19,422)
Accounts payable	(20,958)	-	-	(20,958)
Net cash provided by (used in) operating activities	\$ (110,581)	\$ 118,903	\$ (17,725)	\$ (9,403)

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2005

EXHIBIT J

ASSETS

Cash	<u>\$ 6,666</u>
Total assets	<u><u>6,666</u></u>

LIABILITIES

Distributives payable	3,264
Due to other governmental units	<u>3,402</u>
Total liabilities	<u><u>\$ 6,666</u></u>

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DuPage County Regional Office of Education No. 19 is an entity that is a result of an Educational Service Region becoming a Regional Office of Education as of August 7, 1995. The DuPage County Regional Office of Education No. 19 operates under the School Code (105 ILCS 5/3 and 5/3A). DuPage County Regional Office of Education No. 19 encompasses DuPage County, Illinois. A regional Superintendent of Schools serves as Chief Administrative Officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The accounting policies conform to generally accepted accounting principles which are appropriate to local government units of this type.

A. Reporting Entity

For financial reporting purposes, DuPage County Regional Office of Education No. 19 includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Superintendent with the exception of the Audio Visual Institute of DuPage County (AVID) which is required to be audited and presented in a separate financial statement.

The Regional Superintendent of Schools is elected by popular vote. The Regional Superintendent is responsible for the supervision and oversight control of school districts in DuPage County Regional Office of Education No. 19 including the distribution of State funds to the school districts.

The DuPage County Regional Office of Education No. 19 has developed criteria to determine whether outside agencies with activities which benefit the citizens of DuPage County Regional Office of Education No. 19, including school districts which serve pupils in the Region, should be included within its financial reporting entity. The criteria include but are not limited to, whether DuPage County Regional Office of Education No. 19 exercises oversight responsibility, (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability of fiscal matters), scope of public service, and special financing relationships.

The school districts have been determined not to be part of the reporting entity after applying the manifestation of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the DuPage County Regional Office of Education No. 19 does not control the assets, operations or management of the school districts.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

In addition, DuPage County Regional Office of Education No. 19 is not aware of any entity which would exercise such oversight as to result in it being considered a component unit of that 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. The statements distinguish between those activities of the ROE that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE programs.

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

C. Change in Accounting Principles

Effective July 1, 2004, the DuPage County Regional Office of Education No. 19 adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, an amendment of GASB Statement No. 3. This new standard enhances the deposit and investment risk disclosures by updating the custodial credit risk disclosure requirements of GASB Statement No. 3 and addressing other common risks, including concentration of credit risk, interest rate risk and foreign currency risk. The implementation did not have a significant impact on the DuPage County Regional Office of Education No. 19's financial statements.

D. Measurement, Basis of Accounting, and Financial Statement Presentation

The financial statements of DuPage County Regional Office of Education No. 19 are prepared in accordance with generally accepted accounting principles (GAAP). The DuPage County Regional Office of Education No. 19 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

Governmental and fiduciary fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The DuPage County Regional Office of Education No. 19 considers revenues as available if they are collected within 60 days after year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

The revenues susceptible to accrual are fees, interest income and intergovernmental revenue. All other governmental fund type revenues are recognized when received.

DuPage County Regional Office of Education No. 19 records on-behalf payments made by the State to the Teachers' Retirement System as revenues and expenditures.

E. Fund Accounting

The accounts of the DuPage County Regional Office of Education No. 19 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The DuPage County Regional Office of Education No. 19 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Governmental Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds. The governmental funds include the following:

General Fund - The general fund is used to account for all the financial resources except those required to be accounted for in another fund. The general fund is reported as a major governmental fund in the financial statements. The following are included in the general fund:

General - Used to account for the general operating fund. It has been used to record transactions in connection with general administration activities.

ROE/ISC Operations - Used to account for grant monies received for, and payment of expenditures for, assisting schools in all areas of school improvement.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. The DuPage County Regional Office of Education No. 19 reported the following special revenue funds as major governmental funds:

Institute - Used to account for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel, which has been approved by DuPage County Regional Office of Education No. 19.

Education - Used to account for grants from the following sources:

Internal Review - Used to account for monies received for, and payment of, facilitation of the Internal Review of the Quality Review Process with local school districts.

Administrator's Academy - Used to account for grant monies received for, and payment of, expenditures for providing staff development training to administrators in school improvement.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Scientific Literacy - Used to account for grant monies received for, and payment of, expenditures for improving teacher knowledge and skills in mathematics and science.

Title II - Professional Development - Used to account for grant monies received for, and payment of, expenditures incurred in providing workshops.

Vocational Instruction Practicum - Used to account for grant monies received for, and payment of, placing vocational teachers and counselors in worksites during the summer to expand their business experience.

Career Awareness and Development - Used to account for the administration of monies to be used for Career Awareness and Development Fund by the Illinois State Board of Education.

Early Childhood Parenting Program - Used to account for grant monies received for, and payment of, expenses for developing and operating programs for parents of young children.

Learn and Serve America - Used to account for grant monies received for, and payment of, expenditures for the Learn and Serve Program.

Truants' Alternative Program - Used to account for grant monies received for, and payment of, expenditures of providing support services and evaluating compliance with recommendations to DuPage County truants and their parents.

McKinney Education for Homeless - Used to account for grant monies received for, and payment of, expenditures associated with a Federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Illinois State Board of Education.

Regional Safe Schools - Used to account for grant monies received for, and payment of, expenditures of the Regional Safe Schools program and for the administration of monies from the General State Aid.

Certificate Renewal Administration - To account for grant monies received for, and payment of, expenses related to certificate renewal.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Learning Standards - Accounts for monies received for, and payments of expenditures of the Learning Standards Program.

Title I - Reading First Part B SEA Funds - Funds provide assistance to school districts in establishing reading programs for students in kindergarten through third grade that are based on scientifically based reading research. Reading First also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read.

Title IV - Community Service - Accounts for monies received for, and payment of expenditures for Safe and Drug Free Schools and Communities Programs. These programs enhance the Nation's efforts to prevent illegal use of drugs and violence among, and promote safety and discipline for, students at all levels in the community.

Department of Commerce and Economic Opportunity (DCEO) Grant - Accounts for monies received for, and payment of expenditures of the DCEO Grant Fund.

Mathematics and Science Partnerships - Accounts for monies received for, and payment of expenditures for Illinois Math and Science Programs.

Workforce Investment Act - Accounts for monies received for, and payment of expenditures for Workforce Investment Act programs.

Partnership in Character Education - Accounts for monies received for, and payment of expenditures for Partnership for Character Education programs.

Juvenile Detention Alternative Initiative - Accounts for monies received for, and payment of expenditures for Juvenile Detention Alternative Initiative programs.

Standards Aligned Classroom - Accounts for grant monies received for, and payment of, expenditures incurred for the Standards Aligned Classroom program.

System of Support (RESPRO) - to account for grant monies received for, and payment of, expenditures to help schools meet No Child Left Behind initiative.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Statewide Reading Leadership - Accounts for monies received for, and payment of, expenditures for Reading Improvement Block programs.

Career & Technical Education Improvement - Accounts for monies received for, and payment of, expenditures for Career & Technical Education (CTE) programs that improve CTE student achievement as well as promote the expansion of career development for all students.

Juvenile Accountability Incentive Block - Used to account for federal grant monies received for, and payment of, expenditures incurred to deliver a crime-reduction, problem-solving educational program to at-risk youth in DuPage County schools.

Title IV - Safe & Drug Free Schools - Formula - Accounts for federal monies received for, and payment of, expenditures incurred in the reform of elementary and secondary education.

Title II - Teacher Quality - To account for federal grant monies received for, and payment of, expenditures incurred for improvement of instruction in the classroom.

Title V - Innovative Programs - Formula - Accounts for funds received for, and payment of, expenditures of Title V - Innovative Programs in which the purpose is to provide a continuing source of innovation and educational improvement.

Learning Technology Centers - Accounts for the contract money received and the expenditures in providing a coordinated, statewide support infrastructure which assists school districts in planning for, implementing, assessing results and educating school staff in the use of technology and telecommunications in curricular, instructional and administrative functions.

Other Non-Major Funds - DuPage County Regional Office of Education No. 19 reported the following special revenue funds as non-major governmental funds.

General Education Development (GED) - Used to account for the revenues and expenditures associated with the processing of applications for the high school level Test of General Educational Development and the issuance of diplomas upon successful completion of the examination. Statutes require excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Bus - Used to account for revenue from the issuance of school bus driver permits and to sponsor instructional training courses for school bus drivers.

Supervisory - Used to account for an annual appropriation of State common school funds for the expenses incurred in providing supervisory services.

Area I - Used to account for the revenue received and the expenditures incurred for Area I program.

Suburban Council of Reading Consultants - Used to account for the revenue received and the expenditures incurred for reading consultants references.

Proprietary Fund Types

Enterprise Funds - To account for resources from fees charged directly to those entities or individuals that use its services.

Local Services - Used to account for the revenues and expenses associated with workshops conducted by the DuPage County Regional Office of Education No. 19. In addition, this fund accounts for the revenues and expenses of the Gifted Planning Activities and the Math on Mondays contract.

Teachers Inservice for DuPage Educators (TIDE) - Used to account for the revenues received through certificate registration fees and the expenditures incurred for the TIDE program.

Criminal Background Investigation - Accounts for the assessment received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

Fiduciary Fund Type

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

Agency Funds - The Agency Funds are used to account for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. The Agency Funds include the following:

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Distributive - Used to account for funds received from ISBE and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general state aid, state categorical grants, and various other sources.

DuPage Career Education Center (DCEC) - DCEC is a cooperative of school districts, providing support services for career education programs for kindergarten through the eight grade. DCEC provides staff-in-service, a community resource files, an audio-visual collection and a library of professional materials for teacher's classroom use, and coordinates the DuPage County Business Education Partnership Program. The program is funded through the Illinois State Board of Education, Division of Adult Vocational and Technical Education.

F. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE must provide local resources to be used for specific purposes, and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

G. Cash and Cash Equivalents

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the ROE are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

H. Capital Assets

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are recorded at cost at time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$500 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to twenty years) of the respective assets.

I. Deferred Revenues

The ROE reports unearned deferred revenue in the governmental fund Balance Sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

J. Net Assets

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets of the ROE are classified as follows:

Invested in Capital Assets - represents the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

Unrestricted Net Assets - represent resources used for transactions relating to the general operations of the ROE and may be used at the discretion of management to meet expenses for any purpose.

K. Management 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 in the financial statements. Actual results could differ from those estimates.

L. Budgetary Data

The DuPage County Regional Office of Education No. 19 did not formally adopt a budget for the year ended June 30, 2005 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

budgets were used to prepare budgetary comparison schedules for the following programs:

General Fund:

- ROE/ISC Operations

Special Revenue Funds:

- Early Childhood Parenting Program
- Truants' Alternative Program
- Regional Safe Schools
- Title I - Reading First Part B SEA Funds
- Mathematics and Science Partnerships
- Career & Technical Education Improvement
- Statewide Reading Leadership
- Title IV - Safe & Drug Free Schools - Formula
- Title II - Teacher Quality
- Title V - Innovative Programs - Formula
- Learning Technology Centers

M. Interest Revenue

ISBE funds received by DuPage County Regional Office of Education No. 19 for the Distributive Fund accrue interest for the period of time between the receipt of funds and clearance of checks to recipients. Interests are distributed semi-annually to recipients.

NOTE 2 - CASH AND INVESTMENTS

Deposits

The DuPage County Regional Office of Education No. 19 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$2,084,959 at June 30, 2005, while the bank balance was \$2,411,382. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2005.

Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, the ROE's deposits may not be recovered. Originally, GASB Statement No. 3 discussed three categories of custodial credit risk as follows:

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Category 1 includes deposits covered by depository insurance or collateral held by DuPage County Regional Office of Education No. 19 in its name.

Category 2 includes deposits covered by collateral held by the financial institutions in a pledged safekeeping account in the name of DuPage County Regional Office of Education No. 19.

Category 3 includes deposits which are uncollateralized or the collateral is held by the financial institution trust department but not in the name of DuPage County Regional Office of Education No. 19.

The ROE's deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and by collateral held by the financial institution in the ROE's name. Although deposit balances classified under the traditional risk categories of 1 and 2 have been determined under GASB Statement No. 40 to be exposed to only minimal risk, and, based on this conclusion, the GASB chose to limit disclosure of custodial credit risk to deposits that meet the definition of "Category 3", the ROE has decided to include categories 1 and 2 in the discussion. The following table reflects the ROE's level of risk as of June 30, 2005:

	Bank Balance
Category 1	\$ 200,000
Category 2	2,177,002
Category 3	-
Exempt	34,380
Total	\$ 2,411,382

The exempt funds are those deposited into the Illinois Funds.

Investments

The ROE's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE to purchase certain obligations of the U. S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

The ROE has pooled its investments. Investments are stated at fair value. Net income from investments of pooled funds is allocated and credited to the original sources of the funds. As of June 30, 2005, the ROE's investments are certificate of deposits and government securities amounting to \$44,004 and \$102,533, respectively.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE's policy for reducing its exposure to the risk is to structure the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. As of June 30, 2005, all the investments have investment maturities of less than one year.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ROE's policy for managing its exposure to the risk is to limit investments to those allowable by the Illinois Public Funds Investment Act. As of June 30, 2005, the ROE's investment in the State investment pool (Illinois Funds) was rated AAAM by Standard & Poor's.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The ROE's policy for mitigating the risk is to diversify the investment portfolio so that the failure of any one issue will not place an undue financial burden on the ROE. As of June 30, 2005, the ROE's investments are certificates of deposits and government securities.

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, the ROE will not be able to recover the value of the investments that are in the possession of an outside party. Originally, GASB Statement No. 3 discussed three categories of custodial credit risk as follows:

Category 1 includes investments that are insured or collateralized with securities held by the DuPage County Regional Office of Education No. 19 in its name.

Category 2 includes investments collateralized with securities held by the financial institution in the name of DuPage County Regional Office of Education No. 19.

Category 3 includes uninsured and uncollateralized investments or the collateral is held by the financial institution trust department but not in the name of DuPage County Regional Office of Education No. 19.

Although investments classified under the traditional risk categories of 1 and 2 have been determined under GASB Statement No. 40 to be exposed to only minimal risk, and, based on this conclusion, the GASB chose to limit disclosure of custodial credit risk to investments

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

that meet the definition of "Category 3", the ROE has decided to include categories 1 and 2 in the discussion. The ROE does not have a policy for custodial credit risk that further limits custodial arrangements from what is required by the State of Illinois Public Funds Investment Act. The following table reflects the ROE's level of risk as of June 30, 2005:

	Carrying Amount	Bank Balance	Category		
			1	2	3
Certificates of deposit	\$ 44,004	\$ 44,004	\$ 44,004	\$ -	\$ -
Government securities	102,533	102,533	-	102,533	-
Total	\$ 146,537	\$ 146,537	\$ 44,004	\$102,533	\$ -

NOTE 3 - CAPITAL ASSETS ACTIVITY

A summary of changes in capital assets for the year ended June 30, 2005 is as follows:

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005
GOVERNMENTAL FUNDS				
Furniture and equipment	\$ 432,416	\$ 197,215	\$ -	\$ 629,631
Building improvement	40,300	-	-	40,300
Total	472,716	197,215	-	669,931
Less: accumulated depreciation	218,448	74,830	-	293,278
Capital assets, net	\$ 254,268	\$ 122,385	\$ -	\$ 376,653
PROPRIETARY FUNDS				
Equipment	\$ -	\$ 12,277	\$ -	\$ 12,277
Less: accumulated depreciation	-	2,015	-	2,015
Capital assets, net	\$ -	\$ 10,262	\$ -	\$ 10,262

NOTE 4 - RETIREMENT FUND COMMITMENTS

Employees of DuPage County Regional Office of Education No. 19 are paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The DuPage County Regional Office of Education No. 19 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by 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 DuPage County Regional Office of Education No. 19's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the DuPage County Regional Office of Education No. 19. For the year ended June 30, 2005, the State of Illinois contributions were based on 11.76 percent of creditable earnings, and the DuPage County Regional Office of Education No. 19 recognized revenue and expenditures of \$93,328 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 (\$101,959) and 13.01 percent (\$101,109), respectively.

The DuPage County Regional Office of Education No. 19 makes three other types of employer contributions directly to TRS.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

- **2.2 Formula Contributions.** For the years ended June 30, 2005, and June 30, 2004, employers were required to contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the years ended June 30, 2005, and June 30, 2004 were \$4,603 and \$4,230 respectively. 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 \$1,399.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by DuPage County Regional Office of Education No. 19, there is a statutory requirement for the DuPage County Regional Office of Education No. 19 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 \$180,852 were paid from federal and trust funds that required employer contributions of \$18,989. For the years ended June 30, 2004 and June 30, 2003, required DuPage County Regional Office of Education No. 19 contributions were \$4,565 and \$0, respectively.
- **Early Retirement Option (ERO).** DuPage County Regional Office of Education No. 19 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 and 2004, there were no salaries that qualified for this plan.

Changes

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.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

- **New employer contributions.**
 - **Salary increases over 6 percent.** If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.
 - **Sick leave in excess of normal allotment.** If employers grant sick leave near retirement in excess of the normal 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 the changes described above, the following changes were made to ERO:
 - Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.
 - The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.
 - A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired 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 trs.illinois.gov.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 6 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2005:

Workforce Investment Act	\$ 51,460
Juvenile Detention Alternative Initiative	72,219
System of Support (RESPRO)	7,293
Supervisory	245
Teacher In-service for DuPage Educators	43,034
Criminal Background Investigation	<u>103</u>
Total Deficit Fund Balances	<u>\$ 174,354</u>

Above deficit fund balances are expected to correct themselves through payments from the State, receipts from local sources and interest income in the next fiscal year.

NOTE 7 - ON-BEHALF SALARIES AND PENSION PLAN CONTRIBUTIONS

The salaries of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The Regional Office personnel are paid by the DuPage County, Illinois, in accordance with statutes. Employees of programs funded by federal and state grants are paid through the Payroll Fund or by the County of DuPage and then reimbursed by the grants. The breakdown of the State on-behalf payments for the year ended June 30, 2005 is as follows:

Regional Superintendent salary	\$ 88,540
Regional Superintendent benefits (includes State paid insurance)	5,744
Assistant Regional Superintendent salary	79,686
Assistant Regional Superintendent benefits (includes State paid insurance)	9,637
TRS Contributions	<u>93,328</u>
Total	<u>\$ 276,935</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

Fixed assets used solely by the Regional Office are purchased by the DuPage County. Ownership of some fixed assets remains with the County of DuPage and, accordingly, the

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

cost of these assets is not included in any fund or in the Capital Assets in the financial statements. Other expenditures of the Regional Office are paid by the DuPage County.

NOTE 9 - DUE FROM/TO OTHER GOVERNMENTS

The DuPage County Regional Office of Education No. 19's Special Revenue Funds and Proprietary Funds have funds due from/to the following government agencies:

DUE FROM OTHER GOVERNMENT

Illinois State Board of Education	\$ 232,211
Will County ROE - Professional Development Alliance	53,139
Local School Districts	19,422
	<hr/>
Total	<u>\$ 304,772</u>

DUE TO OTHER GOVERNMENT

Illinois State Board of Education	\$ 38,915
Local School Districts	554
	<hr/>
Total	<u>\$ 39,469</u>

NOTE 10 - INTERFUND TRANSACTIONS

(a) Due From (To) Other Funds

The following is a summary of amounts due from (to) other funds as of June 30, 2005:

Fund	Due From Other Funds	Due To Other Funds
	<hr/>	<hr/>
Institute Fund	\$ 291,456	\$ 15
Education Fund - Vocational Instruction Practicum	15	-
Education Fund - Internal Review	-	60
Education Fund - Title II - Professional Development	-	8,709
Education Fund - Regional Safe Schools	-	67,987
Education Fund - Department of Commerce and Economic Opportunity Grant	-	464
Proprietary Fund - Local Services	77,220	-
Proprietary Fund - Teacher In-service for DuPage Educators	-	262,741
Proprietary Fund - Criminal Background Investigation	-	28,715
Total	<u>\$ 368,691</u>	<u>\$ 368,691</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(b) Transfers From (To) Other Funds

The composition of interfund transfers for the year ended June 30, 2005 is as follows:

	<u>Transfers-out</u>	<u>Transfers-in</u>
Institute Fund	(\$100,819)	
Education Fund - Internal Review	(60)	
Education Fund - Administrator's Academy		\$8,208
Education Fund - Title II - Professional Development	(8,709)	
Education Fund - Vocational Instruction Practicum		15
Education Fund - Early Childhood Parenting Program		2,092
Education Fund - Learn and Serve America		219
Education Fund - Truants' Alternative Program		622
Education Fund - Regional Safe Schools	(17,182)	
Education Fund - Title IV - Community Service		14,265
Education Fund - Department of Commerce and Economic Opportunity Grant	(464)	
Education Fund - Workforce Investment Act		827
Education Fund - Juvenile Detention Alternative	(827)	
Proprietary Fund - Local Services		1,009
Proprietary Fund - Teacher In-service for DuPage Educators		100,804

SUPPLEMENTARY INFORMATION

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2005

SCHEDULE 1

	<u>General</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 233</u>	<u>\$ 11,916</u>	<u>\$ 12,149</u>
 FUND BALANCES			
Unrestricted	<u>\$ 233</u>	<u>\$ 11,916</u>	<u>\$ 12,149</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 2

	General	ROE/ISC Operations	Total
REVENUES			
State sources	\$ -	\$ 268,372	\$ 268,372
Interest	-	110	110
On-behalf payments	276,935	-	276,935
	<u>276,935</u>	<u>-</u>	<u>276,935</u>
Total revenues	<u>276,935</u>	<u>268,482</u>	<u>545,417</u>
EXPENDITURES			
Salaries	-	187,173	187,173
Benefits	-	42,000	42,000
Purchased services	-	35,368	35,368
Supplies and materials	-	2,000	2,000
Capital expenditures	-	1,831	1,831
On-behalf payments	276,935	-	276,935
	<u>276,935</u>	<u>-</u>	<u>276,935</u>
Total expenditures	<u>276,935</u>	<u>268,372</u>	<u>545,307</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	110	110
FUND BALANCES, UNRESERVED, BEGINNING OF YEAR	<u>233</u>	<u>11,806</u>	<u>12,039</u>
FUND BALANCES, UNRESERVED, END OF YEAR	<u>\$ 233</u>	<u>\$ 11,916</u>	<u>\$ 12,149</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2005**

SCHEDULE 3

	<u>ROE/ISC Operations</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sources	\$ 268,372	\$ 268,372	\$ -
Interest	-	110	110
Total revenues	<u>268,372</u>	<u>268,482</u>	<u>110</u>
EXPENDITURES			
Salaries	187,173	187,173	-
Benefits	42,000	42,000	-
Purchased services	35,368	35,368	-
Supplies and materials	2,000	2,000	-
Capital expenditures	1,831	1,831	-
Total expenditures	<u>268,372</u>	<u>268,372</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	110	<u>\$ 110</u>
FUND BALANCE, July 1, 2004		<u>11,806</u>	
FUND BALANCE, June 30, 2005		<u>\$ 11,916</u>	

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2005

SCHEDULE 4

	Internal Review	Administrator's Academy	Scientific Literacy	Title II - Professional Development	Vocational Instruction Practicum	Career Awareness and Development
ASSETS						
Cash (overdrafts)	\$ 60	\$ -	\$ 31,477	\$ 8,944	\$ (15)	\$ 1,305
Due from other funds	-	-	-	-	15	-
Due from other governmental units	-	-	-	-	-	-
Total assets	<u>60</u>	<u>-</u>	<u>31,477</u>	<u>8,944</u>	<u>-</u>	<u>1,305</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Due to other funds	60	-	-	8,709	-	-
Due to other governmental units	-	-	31,477	235	-	1,305
Deferred revenues	-	-	-	-	-	-
Total liabilities	<u>60</u>	<u>-</u>	<u>31,477</u>	<u>8,944</u>	<u>-</u>	<u>1,305</u>
FUND BALANCES						
Fund balances (deficit), unreserved	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 31,477</u>	<u>\$ 8,944</u>	<u>\$ -</u>	<u>\$ 1,305</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2005

SCHEDULE 4
 (CONTINUED)

	Early Childhood Parenting Program	Learn and Serve America	Truants' Alternative Program	McKinney Education For Homeless	Regional Safe Schools	Certificate Renewal Administration
ASSETS						
Cash (overdrafts)	\$ (29,459)	\$ -	\$ (349)	\$ -	\$ 179,864	\$ 497
Due from other funds	-	-	-	-	-	-
Due from other governmental units	29,459	-	349	-	-	-
Total assets	-	-	-	-	179,864	497
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	67,987	-
Due to other governmental units	-	-	-	-	-	497
Deferred revenues	-	-	-	-	47,600	-
Total liabilities	-	-	-	-	115,587	497
FUND BALANCES						
Fund balances (deficit), unreserved	-	-	-	-	64,277	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ 179,864	\$ 497

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2005

SCHEDULE 4
 (CONTINUED)

	Learning Standards	Title I - Reading First Part B SEA Funds	Title IV - Community Service	Department of Commerce and Economic Opportunity Grant	Mathematics and Science Partnerships	Workforce Investment Act
ASSETS						
Cash (overdrafts)	\$ 1,900	\$ (89,851)	\$ 98	\$ 464	\$ 10,052	\$ (51,460)
Due from other funds	-	-	-	-	-	-
Due from other governmental units	-	160,155	-	-	31,253	-
Total assets	1,900	70,304	98	464	41,305	(51,460)
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	69,821	98	-	36,756	-
Due to other funds	-	-	-	464	-	-
Due to other governmental units	1,900	-	-	-	3,501	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	1,900	69,821	98	464	40,257	-
FUND BALANCES						
Fund balances (deficit), unreserved	-	483	-	-	1,048	(51,460)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,900	\$ 70,304	\$ 98	\$ 464	\$ 41,305	\$ (51,460)

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2005

SCHEDULE 4
 (CONTINUED)

	Partnership in Character Education	Juvenile Detention Alternative Initiative	Standards Aligned Classroom	System of Support (RESPRO)	Statewide Reading Leadership	Career & Technical Education Improvement
\$	32,402	(72,219)	3,729	(60,432)	136,643	(10,995)
	-	-	-	-	-	-
	-	-	-	53,139	-	10,995
	<u>32,402</u>	<u>(72,219)</u>	<u>3,729</u>	<u>(7,293)</u>	<u>136,643</u>	<u>-</u>

ASSETS

Cash (overdrafts)
 Due from other funds
 Due from other governmental units

Total assets

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable
 Due to other funds
 Due to other governmental units
 Deferred revenues
 Total liabilities

FUND BALANCES

Fund balances (deficit), unreserved

TOTAL LIABILITIES AND FUND BALANCES

	-	-	-	-	126,306	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	32,144	-	3,699	-	10,337	-
	<u>32,144</u>	<u>-</u>	<u>3,699</u>	<u>-</u>	<u>136,643</u>	<u>-</u>
	258	(72,219)	30	(7,293)	-	-
	<u>32,402</u>	<u>(72,219)</u>	<u>3,729</u>	<u>(7,293)</u>	<u>136,643</u>	<u>-</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2005

SCHEDULE 4
 (CONTINUED)

	Juvenile Accountability Incentive Block	Title IV - Safe & Drug Free Schools - Formula	Title II - Teacher Quality	Title V - Innovative Programs - Formula	Learning Technology Centers	Total
\$	554	197	835	332	5,538	\$ 100,111
	-	-	-	-	-	15
	-	-	-	-	-	285,350
	554	197	835	332	5,538	385,476

ASSETS

Cash (overdrafts)
 Due from other funds
 Due from other governmental units

Total assets

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable
 Due to other funds
 Due to other governmental units
 Deferred revenues
 Total liabilities

FUND BALANCES

Fund balances (deficit), unreserved

TOTAL LIABILITIES AND FUND BALANCES

	-	-	450	332	5,494	239,257
	-	-	-	-	-	77,220
554	-	-	-	-	-	39,469
-	197	385	-	-	-	94,362
554	197	835	332	5,494		450,308
	-	-	-	-	44	(64,832)
\$	554	197	835	332	5,538	\$ 385,476

SCHEDULE 5

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

	Internal Review	Administrator's Academy	Scientific Literacy	Title II - Professional Development	Vocational Instruction Practicum	Career Awareness and Development
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Slate sources	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Payments to other governments	-	-	26,213	235	-	29
Total expenditures	-	-	26,213	235	-	29
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(26,213)	(235)	-	(29)
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	(60)	8,208	-	(8,709)	15	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(60)	8,208	(26,213)	(8,944)	15	(29)
FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR	60	(8,208)	26,213	8,944	(15)	29
FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING SCHEDULE OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 5
 (CONTINUED)

	Early Childhood Parenting Program	Learn and Serve America	Truants' Alternative Program	McKinney Education For Homeless	Regional Safe Schools	Certificate Renewal Administration
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ 52,273	\$ 255,037	\$ -
State sources	108,263	-	137,351	-	1,575,689	-
Local sources	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Interest	-	-	-	-	1,822	-
Total revenues	108,263	-	137,351	52,273	1,832,548	-
EXPENDITURES						
Salaries	70,565	-	104,189	-	936,291	-
Benefits	5,589	-	28,979	-	164,280	-
Purchased services	8,099	-	4,183	52,273	355,818	-
Supplies and materials	10,510	-	-	-	39,131	-
Capital expenditures	13,500	-	-	-	54,917	-
Payments to other governments	-	-	-	-	280,289	497
Total expenditures	108,263	-	137,351	52,273	1,830,726	497
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	1,822	(497)
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	2,092	219	622	-	(17,182)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	2,092	219	622	-	(15,360)	(497)
FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR	(2,092)	(219)	(622)	-	79,637	497
FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 64,277	\$ -

SCHEDULE 5
(CONTINUED)

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Learning Standards	Title 1 - Reading First Part B SEA Funds	Title IV - Community Service	Department of Commerce and Economic Opportunity Grant	Mathematics and Science Partnerships	Workforce Investment Act
REVENUES						
Federal sources	\$ -	\$ 181,670	\$ 18,395	\$ -	\$ 224,806	\$ 92,497
State sources	(14)	-	-	-	-	-
Local sources	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Interest	-	-	-	-	80	-
Total revenues	(14)	181,670	18,395	-	224,886	92,497
EXPENDITURES						
Salaries	-	8,669	12,476	-	34,110	74,399
Benefits	-	-	1,306	-	8,211	25,998
Purchased services	-	108,065	14,495	-	182,485	10,118
Supplies and materials	-	7,575	4,651	-	-	5,062
Capital expenditures	-	-	-	-	-	-
Payments to other governments	-	38,517	-	4,774	-	-
Total expenditures	-	162,826	32,928	4,774	224,806	115,577
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14)	18,844	(14,533)	(4,774)	80	(23,080)
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	-	14,265	(464)	-	827
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(14)	18,844	(268)	(5,238)	80	(22,253)
FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR	14	(18,361)	268	5,238	968	(29,207)
FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR	\$ -	\$ 483	\$ -	\$ -	\$ 1,048	\$ (51,460)

SCHEDULE 5
(CONTINUED)

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Partnership in Character Education	Juvenile Detention Alternative Initiative	Standards Aligned Classroom	System of Support (RESPRO)	Statewide Reading Leadership	Career & Technical Education Improvement
REVENUES						
Federal sources	\$ 135,332	\$ -	\$ 33,020	\$ 188,139	\$ -	\$ -
State sources	-	46,126	-	28,000	129,663	115,417
Local sources	65,043	-	-	11,350	-	-
Miscellaneous	258	-	30	-	-	-
Interest	200,633	46,126	33,050	227,489	129,663	115,417
Total revenues						
	89,243	71,655	-	121,713	-	42,632
Salaries	9,934	16,316	-	18,630	-	7,300
Benefits	97,016	3,847	32,249	65,136	76,999	6,182
Purchased services	4,182	2,154	771	15,210	52,664	497
Supplies and materials	-	727	-	14,093	-	-
Capital expenditures	-	-	-	-	-	58,806
Payments to other governments	200,375	94,699	33,020	234,782	129,663	115,417
Total expenditures						
	258	(48,573)	30	(7,293)	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	-	(827)	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in (out)						
	258	(49,400)	30	(7,293)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES						
	-	(22,819)	-	-	-	-
FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR						
	\$ 258	\$ (72,219)	\$ 30	\$ (7,293)	\$ -	\$ -
FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR						

SCHEDULE 5
(CONTINUED)

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Juvenile Accountability Incentive Block	Title IV - Safe & Drug Free Schools - Formula	Title II - Teacher Quality	Title V - Innovative Programs - Formula	Learning Technology Centers	Total
REVENUES						
Federal sources	\$ 12,445	\$ -	450	\$ 332	\$ -	\$ 1,194,396
State sources	-	-	-	-	146,365	2,286,860
Local sources	-	-	-	-	-	76,393
Miscellaneous	-	-	-	-	44	2,234
Interest	-	-	-	-	-	-
Total revenues	12,445	-	450	332	146,409	3,559,883
EXPENDITURES						
Salaries	-	-	-	-	90,067	1,656,009
Benefits	-	-	-	-	11,092	297,635
Purchased services	12,445	-	450	-	45,206	1,075,066
Supplies and materials	-	-	-	332	-	142,739
Capital expenditures	-	-	-	-	-	83,237
Payments to other governments	-	-	-	-	-	409,360
Total expenditures	12,445	-	450	332	146,365	3,664,046
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	44	(104,163)
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	-	-	-	-	(994)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	-	-	-	-	44	(105,157)
FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR	-	-	-	-	-	40,325
FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 44	\$ (64,832)

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6

	Early Childhood Parenting Program		Truants/ Alternative Program		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	108,263	108,263	137,351	137,351	-
Local sources	-	-	-	-	-
Interest	-	-	-	-	-
Total revenues	<u>108,263</u>	<u>108,263</u>	<u>137,351</u>	<u>137,351</u>	<u>-</u>
EXPENDITURES					
Salaries	70,565	70,565	102,093	104,189	(2,096)
Benefits	5,589	5,589	28,979	28,979	-
Purchased services	8,099	8,099	6,279	4,183	2,096
Supplies and materials	10,510	10,510	-	-	-
Capital expenditures	13,500	13,500	-	-	-
Payments to other governments	-	-	-	-	-
Total expenditures	<u>108,263</u>	<u>108,263</u>	<u>137,351</u>	<u>137,351</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	<u>2,092</u>	-	<u>622</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES		<u>2,092</u>		<u>622</u>	
FUND BALANCES (DEFICIT), July 1, 2004		<u>(2,092)</u>		<u>(622)</u>	
FUND BALANCES, June 30, 2005	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6
 (CONTINUED)

	Regional Safe Schools *		Title I - Reading First Part B SEA Funds		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUES					
Federal sources	\$ 1,228,811	\$ 255,037	\$ (973,774)	\$ 181,670	\$ 21,515
State sources	-	1,575,689	1,575,689	-	-
Local sources	-	-	-	-	-
Interest	-	1,822	1,822	-	-
Total revenues	<u>1,228,811</u>	<u>1,832,548</u>	<u>603,737</u>	<u>181,670</u>	<u>21,515</u>
EXPENDITURES					
Salaries	684,980	936,291	(251,311)	8,669	(2,835)
Benefits	124,226	164,280	(40,054)	-	-
Purchased services	307,373	355,818	(48,445)	69,500	(38,565)
Supplies and materials	55,232	39,131	16,101	9,821	7,575
Capital expenditures	57,000	54,917	2,083	-	-
Payments to other governments	-	280,289	(280,289)	75,000	36,483
Total expenditures	<u>1,228,811</u>	<u>1,830,726</u>	<u>(601,915)</u>	<u>162,826</u>	<u>(2,671)</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	1,822	\$ 1,822	\$ -	\$ 18,844
OTHER FINANCING SOURCES (USES)					
Transfers in (out)		(17,182)			-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES		(15,360)			18,844
FUND BALANCES (DEFICIT), July 1, 2004		79,637			(18,361)
FUND BALANCES, June 30, 2005		<u>\$ 64,277</u>		<u>\$ 483</u>	

* includes \$674,161 General State Aid Grant for which there is no budgeted expenditure.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6
 (CONTINUED)

	Mathematics and Science Partnerships		Career & Technical Education Improvement		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUES					
Federal sources	\$ 91,803	\$ 224,806	\$ 133,003	\$ -	\$ -
State sources	-	-	-	115,417	-
Local sources	-	-	-	-	-
Interest	-	80	80	-	-
Total revenues	<u>91,803</u>	<u>224,886</u>	<u>133,083</u>	<u>115,417</u>	<u>-</u>
EXPENDITURES					
Salaries	16,900	34,110	(17,210)	41,980	42,632
Benefits	4,803	8,211	(3,408)	7,333	7,300
Purchased services	57,400	182,485	(125,085)	6,800	6,182
Supplies and materials	11,500	-	11,500	498	497
Capital expenditures	-	-	-	-	-
Payments to other governments	1,200	-	1,200	58,806	-
Total expenditures	<u>91,803</u>	<u>224,806</u>	<u>(133,003)</u>	<u>115,417</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 80	\$ 80	\$ -	\$ -
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES		80			
FUND BALANCES (DEFICIT), July 1, 2004		968			
FUND BALANCES, June 30, 2005	\$ -	<u>1,048</u>			\$ -

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6
 (CONTINUED)

	Statewide Reading Leadership		Title IV - Safe & Drug Free Schools - Formula		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ (197)
State sources	140,000	129,663	(10,337)	-	-
Local sources	-	-	-	-	-
Interest	-	-	-	-	-
Total revenues	140,000	129,663	(10,337)	197	(197)
EXPENDITURES					
Salaries	-	-	-	-	-
Benefits	-	-	-	-	-
Purchased services	78,000	76,999	1,001	-	-
Supplies and materials	62,000	52,664	9,336	197	197
Capital expenditures	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total expenditures	140,000	129,663	10,337	197	197
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	-	-	-	-	-
FUND BALANCES (DEFICIT), July 1, 2004	-	-	-	-	-
FUND BALANCES, June 30, 2005	\$ -	\$ -	\$ -	\$ -	\$ -

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6
 (CONTINUED)

	Title II - Teacher Quality		Title V - Innovative Programs - Formula		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUES					
Federal sources	\$ 835	\$ 450	\$ 332	\$ 332	\$ -
State sources	-	-	-	-	-
Local sources	-	-	-	-	-
Interest	-	-	-	-	-
Total revenues	835	450	332	332	-
EXPENDITURES					
Salaries	-	-	-	-	-
Benefits	-	-	-	-	-
Purchased services	835	450	-	-	-
Supplies and materials	-	-	332	332	-
Capital expenditures	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total expenditures	835	450	332	332	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	-	-	-	-	-
FUND BALANCES (DEFICIT), July 1, 2004	-	-	-	-	-
FUND BALANCES, June 30, 2005	\$ -	\$ -	\$ -	\$ -	\$ -

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6
 (CONTINUED)

	Learning Technology Centers			Total	Variance Favorable (Unfavorable)
	Budget	Actual	Budget		
REVENUES					
Federal sources	\$ -	\$ -	\$ 1,482,133	\$ 662,295	\$ (819,838)
State sources	146,365	146,365	647,396	2,212,748	1,565,352
Local sources	-	44	-	1,946	1,946
Interest	-	44	-	2,876,989	747,460
Total revenues	146,365	146,409	2,129,529	2,876,989	747,460
EXPENDITURES					
Salaries	85,248	90,067	1,007,600	1,286,523	(278,923)
Benefits	11,092	11,092	182,022	225,451	(43,429)
Purchased services	50,025	45,206	584,311	787,487	(203,176)
Supplies and materials	-	-	150,090	110,709	39,381
Capital expenditures	-	-	70,500	68,417	2,083
Payments to other governments	-	-	135,006	377,612	(242,606)
Total expenditures	146,365	146,365	2,129,529	2,856,199	(726,670)
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	44	\$ -	20,790	\$ 20,790
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	(14,468)	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES		44		6,322	
FUND BALANCES (DEFICIT), July 1, 2004		-		59,530	
FUND BALANCES, June 30, 2005	\$ 44			\$ 65,852	

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2005

SCHEDULE 7

	General Education Development	Bus	Supervisory	Area I	Suburban Council of Reading Consultants	Total
ASSETS						
Cash	\$ 17,079	\$ 150,662	\$ (245)	\$ 2,128	\$ 6,949	\$ 176,573
FUND BALANCES						
Fund balances (deficit), unreserved	\$ 17,079	\$ 150,662	\$ (245)	\$ 2,128	\$ 6,949	\$ 176,573

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	General Education Development	Bus	Supervisory	Area I	Suburban Council of Reading Consultants	Total
REVENUES						
State sources	\$ -	\$ 3,000	\$ 1,000	\$ -	\$ -	\$ 4,000
Local sources						
Licenses and permits	2,403	7,059	-	-	-	9,462
Miscellaneous	1,961	21,195	-	2,298	8,145	33,599
Interest	121	234	-	16	55	426
Total revenues	4,485	31,488	1,000	2,314	8,200	47,487
EXPENDITURES						
Purchased services	-	6,583	1,000	1,426	7,048	16,057
Total expenditures	-	6,583	1,000	1,426	7,048	16,057
EXCESS OF REVENUES OVER EXPENDITURES	4,485	24,905	-	888	1,152	31,430
FUND BALANCES (DEFICIT)						
UNRESERVED, BEGINNING OF YEAR	12,594	125,757	(245)	1,240	5,797	145,143
FUND BALANCES (DEFICIT)						
UNRESERVED, END OF YEAR	\$ 17,079	\$ 150,662	\$ (245)	\$ 2,128	\$ 6,949	\$ 176,573

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2005

SCHEDULE 9

	<u>Distributive Fund</u>	<u>DuPage Career Education Center</u>	<u>Total</u>
ASSETS			
Cash	\$ 3,264	\$ 3,402	\$ 6,666
Total assets	<u>3,264</u>	<u>3,402</u>	<u>6,666</u>
LIABILITIES			
Distributives payable	3,264	-	3,264
Due to other governmental units	-	3,402	3,402
Total liabilities	<u>\$ 3,264</u>	<u>\$ 3,402</u>	<u>\$ 6,666</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2005

SCHEDULE 10

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
DISTRIBUTIVE				
ASSETS				
Cash	\$ 3,264	\$ -	\$ -	\$ 3,264
Total assets	<u>3,264</u>	<u>-</u>	<u>-</u>	<u>3,264</u>
LIABILITIES				
Distributives payable	<u>3,264</u>	<u>-</u>	<u>-</u>	<u>3,264</u>
Total liabilities	<u>\$ 3,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,264</u>
DUPAGE CAREER EDUCATION CENTER (DCEC)				
ASSETS				
Cash	\$ 3,402	\$ -	\$ -	\$ 3,402
Total assets	<u>3,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,402</u>
LIABILITIES				
Due to other governmental units	<u>3,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,402</u>
Total liabilities	<u>\$ 3,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,402</u>
TOTAL				
ASSETS				
Cash	\$ 6,666	\$ -	\$ -	\$ 6,666
Total assets	<u>\$ 6,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,666</u>
LIABILITIES				
Distributives payable	<u>3,264</u>	<u>-</u>	<u>-</u>	<u>3,264</u>
Due to other government and agencies	<u>3,402</u>	<u>-</u>	<u>-</u>	<u>3,402</u>
Total liabilities	<u>\$ 6,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,666</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 11

Federal Grantor/Pass-Through Grantor Program/Grant Title		CFDA Number	Pass-Through Number	FY 2005 Expenditures
DEPARTMENT OF EDUCATION				
Fund for the Improvement of Education				
Partnership in Character Education	(M)	84.215S	Q215S030124	\$ 135,332
State Grants for Innovative Programs				
Passed-Through Illinois State Board of Education				
Title V - Innovative Programs - Formula		84.298A	2005-4100-00	332
Reading First State Grants				
Passed-Through Illinois State Board of Education				
Title I - Reading First Part B SEA Funds		84.357A	2005-4337-02	162,826
Safe and Drug-Free Schools and Communities National Programs				
Passed-Through Illinois State Board of Education				
Title IV - Community Service		84.184	2004-4420-00	18,395
Mathematics and Science Partnerships				
Passed-Through Illinois State Board of Education				
Mathematics and Science Partnerships	(M)	84.366B	2005-4936-00	224,806
Education for Homeless Children and Youth				
Passed-Through Kane County Regional Office of Education No. 31				
McKinney Education for Homeless		84.196A	2005-4920-00	52,273
Title I Grants to Local Educational Agencies				
Passed-Through Will County Regional Office of Education No. 56				
Title I - School Improvement & Accountability		84.010A	2005-4331-SS	167,139
Improving Teacher Quality State Grants				
Passed-Through Will County Regional Office of Education No. 56				
Title II - Teacher Quality - Leadership Grant		84.367A	2005-4935-SS	21,000
Passed-Through Illinois State Board of Education				
Title II - Teacher Quality		84.367A	2005-4932-00	450
				21,450
Other Federal Grants				
Passed-Through Will County Regional Office of Education No. 56				
Standards Aligned Classroom Grant		84.289A	2005-4999-00	33,020
TOTAL DEPARTMENT OF EDUCATION				\$ 815,573
DEPARTMENT OF JUSTICE				
Juvenile Accountability Incentive Block Grants				
Passed-Through County of DuPage				
Juvenile Accountability Incentive Block Grant		16.523		\$ 12,445
TOTAL DEPARTMENT OF JUSTICE				\$ 12,445
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Temporary Assistance for Needy Families				
Passed-Through Illinois State Board of Education				
Regional Safe Schools (TANF)	(M)	93.558	2005-3696-00	\$ 202,344
Regional Safe Schools - General State Aid - Sec. 18-8 (TANF)	(M)	93.558	2005-3001-93	52,693
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 255,037
DEPARTMENT OF LABOR				
Workforce Investment Act (WIA) Youth Activities				
Passed-Through County of DuPage				
Workforce Investment Act (WIA)		17.259		\$ 92,497
TOTAL DEPARTMENT OF LABOR				\$ 92,497
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,175,552

(M) Program was audited as major program.

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2005

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of DuPage County Regional Office of Education No. 19 and is prepared 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.

Note 2. Subrecipients

Not Applicable.

Note 3. Description of Major Federal Program

Regional Safe Schools and Regional Safe Schools - General State Aid (TANF) aim is to provide a safe and positive environment where students can learn as they strive to become independent, productive, and responsible citizens. It focuses on building each individual's academic, behavioral, and social skills to facilitate greater success both in the classroom and in the community.

Mathematics and Science Partnerships provides projects that support partnerships of organizations representing preschool through higher education to improve the academic achievement of students in mathematics and science. These projects will promote strong teaching skills for elementary and secondary school teachers and integrate teaching methods based on scientifically based research and technology into the curriculum.

Partnership in Character Education aims to improve the quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of elementary and secondary students. This is accomplished through working directly with parents, school staff and community members, conducting high-quality development seminars and implementing a permanent evaluation system.

Note 4. Non-Cash Assistance

Not Applicable.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2005**

Note 5. Amount of Insurance

Not Applicable.

Note 6. Loans or Loan Guarantees Outstanding

Not Applicable.