

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #20**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the year ended June 30, 2005**

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20

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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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REGIONAL OFFICE OF EDUCATION #20**

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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**OFFICIALS**

Regional Superintendent (current and during the audit period).....Dr. Linda L. Blackman

Assistant Regional Superintendent (current and during the audit period).....Mr. James Taylor

Offices are located at:

512 N. Main Street  
Harrisburg, IL 62946

930 Market Street  
Mount Carmel, IL 62863

Wayne County Courthouse  
Fairfield, IL 62837

307 E. Cherry Street  
Carmi, IL 62821

500 E. Main Street  
Albion, IL 62806

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
05-01	12-13	Noncompliance with statutory mandates.
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)		

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

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

04-01	16	Noncompliance with state mandates.
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

**EXIT CONFERENCE**

An informal exit conference was held on August 12, 2005. Attending were Dr. Linda Blackman, Regional Superintendent, Debbie Grubb, Bookkeeper of the Regional Office of Education #20, and James Moon, CPA, and Seth Dixon, Staff Accountant of West & Company, LLC.

The response to the recommendation was provided by Debbie Grubb in an email dated November 15, 2005.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 was performed by West & Company, LLC.

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

# WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

## MEMBERS

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

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SULLIVAN  
GREENVILLE  
MATTOON

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #20's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 12, 2005 on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management's Discussion and Analysis and Illinois Municipal Retirement Fund - Schedule of Funding Progress on pages 17A through 17F and 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #20's basic financial statements. The combining and individual nonmajor 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 nonmajor 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.

*West + Company, LLC*

August 12, 2005

**WEST & COMPANY, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

MEMBERS

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #20's basic financial statements and have issued our report thereon dated August 12, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which is required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-01.

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

*West + Company, LLC*

August 12, 2005

# WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
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## OFFICES

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

Honorable William G. Holland  
Auditor General  
State of Illinois

#### Compliance

We have audited the compliance of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's management. Our responsibility is to express an opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's compliance with those requirements.

In our opinion, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## Internal Control Over Compliance

The management of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

*West + Company, LLC*

August 12, 2005

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20

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

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

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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.027A	Fed. Sp. Ed. - IDEA- Discretionary
84.318X	Technology - Enhancing Education Competitive

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

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



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

**Section II: Financial Statement Findings**

**FINDING NO. 05-01 – Controls Over Compliance with Laws and Regulations**

**Criteria/Specific Requirement:**

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:**

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

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

**Effect:**

The Regional Office of Education #20 did not comply with statutory requirements.

**Cause:**

It was not known that examination of all books, accounts, and vouchers of every school treasurer in the educational service region was required of the regional superintendent. Furthermore, there are not enough hours in the day or financial resources to examine every transaction that takes place in all 20 school districts in our educational service region. In addition, the regional superintendent is not trained in auditing. Annually, the school districts are audited by certified public accountants who are trained in auditing.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20

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

**Section II: Financial Statement Findings**

**FINDING NO. 05-01 – Controls Over Compliance with Laws and Regulations (Continued)**

**Auditors' Recommendation:**

The Regional Office of Education #20 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 21<sup>st</sup> century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

**Section III: Federal Award Findings**

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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REGIONAL OFFICE OF EDUCATION #20**

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

**Corrective Action Plan**

**Finding No.: 05-01**

**Condition:**

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

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

**Plan:**

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

**Anticipated Date of Completion:**

On going.

**Name of Contact Person:**

Dr. Linda L. Blackman, Regional Superintendent

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2005

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
04-01	A. Late publishing of the Institute Fund report. B. Nonsubmission of required reports to the county board.	Finding was not repeated

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2005 and 2004. We encourage readers to consider this information in conjunction with the ROE's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$699,197 in fiscal year 2003 to \$515,366 in fiscal year 2004 and decreased to \$491,671 in fiscal year 2005, while General Fund expenditures decreased from \$732,624 in fiscal year 2003 to \$428,278 in fiscal year 2004 and decreased to \$423,684 in fiscal year 2005.
- The decrease in General Fund revenues was attributable to a decrease in local and state grant funds in FY04 and in FY05. The decrease in expenditures in FY04 was due primarily to a large decrease in salaries and benefits while the decrease in FY05 was due primarily to a decrease in on-behalf payments.
- Special Revenue Fund revenues increased from \$2,021,796 in fiscal year 2003 to \$2,209,653 in fiscal year 2004 and decreased to \$2,054,768 in fiscal year 2005, while Special Revenue Fund expenditures increased from \$1,980,180 in fiscal year 2003 to \$2,179,261 in fiscal year 2004 and decreased to \$2,034,283 in fiscal year 2005.
- The increase of Special Revenue Fund revenues from fiscal year 2003 to fiscal year 2004 occurred because the increase in federal funds was greater than the decrease in local and state sources. The decrease from fiscal year 2004 to fiscal year 2005 occurred because the decrease of local and federal sources was greater than the increase in state sources. The increase in expenditures from fiscal year 2003 to fiscal year 2004 was due primarily to a large increase in salaries and benefits. The decrease in expenditures from fiscal year 2004 to fiscal year 2005 was due primarily to a decrease in salaries and benefits and from a decrease in purchased services.

**USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the ROE'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 ROE's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office'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 essential to 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 non-major funds.

### **Reporting The Agency As A Whole**

#### The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #20 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and 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, focusing on its most significant or "major" funds – not the ROE as a whole. Funds are accounting devices the office uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law or by bond covenants. The Office establishes other funds to control and manage money for particular purposes.

The ROE has one kind of fund:

Governmental funds account for the office's basic services. These focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the ROE's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements. The ROE's governmental funds include: 1) the General Fund and 2) the Special Revenue Funds.

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



**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties ROE #20's net assets at June 30, 2005 and 2004 totaled \$541,434 and \$451,267 respectively. The analysis that follows provides a summary of the ROE's net assets at June 30, 2005 and 2004 for its governmental activities.

	FY05	FY04
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 534,485	\$ 487,957
Due from other governments	30,633	29,521
Prepaid expenditures	1,271	-
Total current assets	<u>566,389</u>	<u>517,478</u>
Noncurrent assets		
Capital assets, net	<u>76,816</u>	<u>68,912</u>
Total assets	<u>643,205</u>	<u>586,390</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	54,712	91,204
Salaries and benefits payable	3,459	-
Deferred revenue	10,503	17,031
Total current liabilities	<u>68,674</u>	<u>108,235</u>
Noncurrent liabilities		
Liability for compensated absences	<u>33,097</u>	<u>26,888</u>
Total liabilities	<u>101,771</u>	<u>135,123</u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	76,816	68,912
Unrestricted	<u>464,618</u>	<u>382,355</u>
Total net assets	<u>\$ 541,434</u>	<u>\$ 451,267</u>

The ROE's combined net assets increased by \$90,167 in FY05 and increased by \$74,929 in FY04. The increase occurred primarily as a result of an increase in federal funding and a decrease in total expenditures during the years ended June 30, 2005 and 2004.

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

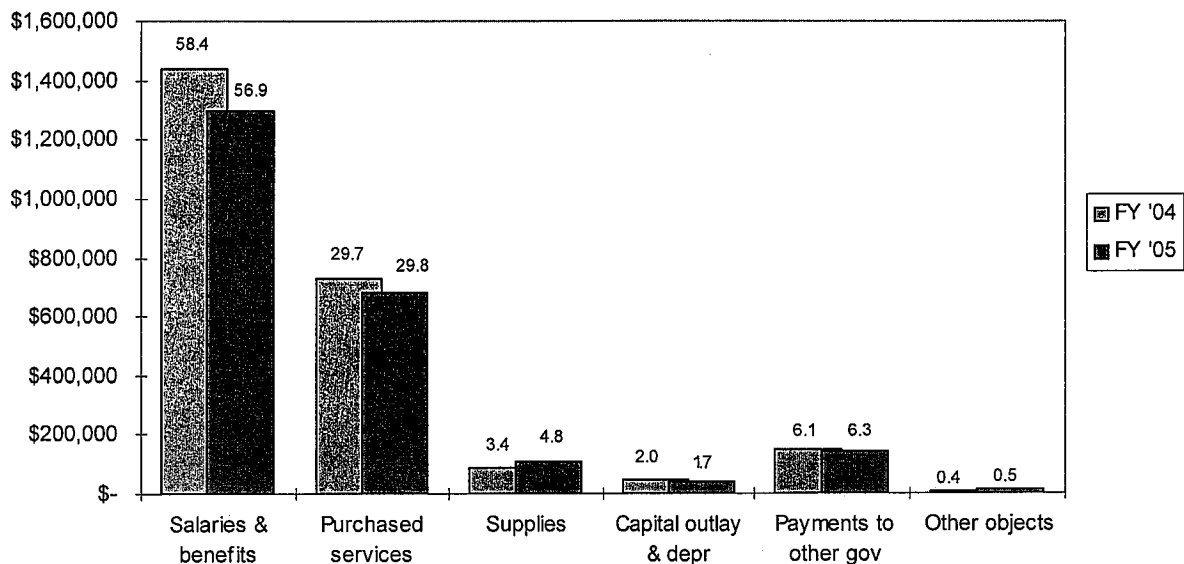
	Fiscal Year ended June 30, 2005			Fiscal Year ended June 30, 2004		
	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
<b>FUNCTIONS/PROGRAMS</b>						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 1,295,823	\$ 1,118,154	\$ (177,669)	\$ 1,436,549	\$ 1,293,726	\$ (142,823)
Purchased services	678,525	562,760	(115,765)	730,649	587,694	(142,955)
Supplies and materials	109,739	91,407	(18,332)	84,494	72,070	(12,424)
Capital outlay	6,697	47,371	40,674	2,790	27,552	24,762
Payments to other governments	144,492	143,364	(1,128)	151,074	150,135	(939)
Other objects	11,133	11,402	269	9,800	9,343	(457)
Depreciation	32,907	-	(32,907)	46,727	-	(46,727)
Administrative:						
On-behalf payments	176,956	-	(176,956)	188,007	-	(188,007)
Total governmental activities	\$ 2,456,272	\$ 1,974,458	(481,814)	\$ 2,650,090	\$ 2,140,520	(509,570)
General revenues:						
Local sources			392,826			395,237
On-behalf payments			176,956			188,007
Interest			2,199			1,255
Total general revenues			571,981			584,499
Change in net assets			90,167			74,929
Net assets - beginning			451,267			376,338
Net assets - ending			\$ 541,434			\$ 451,267

The following analysis compares total revenues for the years ended June 30,:

	<u>2005</u>	<u>2004</u>
Total program revenues	\$ 1,974,458	\$ 2,140,520
Total general revenues	<u>571,981</u>	<u>584,499</u>
Total revenues	<u><u>\$2,546,439</u></u>	<u><u>\$2,725,019</u></u>

Operating grants and contributions from local, state and federal sources account for a majority of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 93% of the total expenses.

**Instructional Services**  
Percent of Total Expenses



**Governmental Activities**

The analysis of changes in net assets reflects an increase of \$90,167 in FY05 and a \$74,929 increase in FY04. The ROE #20 was able to cut costs and add to its carryover balances for FY05 and FY04.

**FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS**

As previously noted, ROE #20 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Office's governmental funds reported combined fund balances of \$497,715 in FY05, \$409,243 in FY04, and \$291,763 in FY03. The primary reason for the increase in combined fund balances in FY05 and FY04 was the decrease in expenditures.

## **Governmental Fund Highlights**

- The General Fund balance increased from \$77,674 in FY03 to \$164,762 in FY04 to \$231,855 in FY05. The increase was attributable to a decrease in expenditures and to unspent state aid funds.
- The Education Fund balance increased from \$19,870 in FY03 to \$76,437 in FY04 to \$99,043 in FY05. The increase was attributable, in part, to the increase in revenues from federal sources in FY04 and increase in revenues from state sources in FY05.
- The Institute Fund balance decreased from \$171,261 in FY03 to \$140,495 in FY04 to \$138,806 in FY05. This decrease in FY04 was attributable to a decrease in local revenues and an increase in expenditures while the decrease in FY05 was attributable to a decrease in revenues.

## **BUDGETARY HIGHLIGHTS**

The ROE #20 annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the ROE #20 amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and state sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the ROE's actual financial activity is included in the supplementary information section of this report.

## **CAPITAL ASSETS**

Capital assets of the Regional Office of Education #20 include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education #20 maintains an inventory of capital assets, which have been accumulated over time. The increase for FY05 was \$40,811 and came as a result of grant money being used to purchase equipment, and other equipment being provided to the Regional Office of Education #20. More detailed information about capital assets is available in the notes to the financial statements.

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

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

- A slight decrease is expected in the number of students being served by the local school districts.
- The interest rate on investments remains low though the interest rate is increasing and the Regional Office is transferring some excess funds into certificates of deposit that earn a higher rate of interest than a checking account would earn.
- An increase in state funding is expected; however, a decrease in federal funding is also anticipated.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Regional Offices' citizens, taxpayers, customers, and creditors with a general overview of the finances and to demonstrate the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent of the Regional Office of Education #20, 512 North Main Street, Harrisburg, Illinois 62946.

**BASIC FINANCIAL STATEMENTS**

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**STATEMENT OF NET ASSETS**

**June 30, 2005**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 534,485
Due from other governments	30,633
Prepaid expenditures	<u>1,271</u>
Total current assets	566,389
Noncurrent assets:	
Capital assets, net	<u>76,816</u>
Total assets	<u>643,205</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	54,712
Salaries and benefits payable	3,459
Deferred revenue	<u>10,503</u>
Total current liabilities	68,674
Noncurrent liabilities:	
Liability for compensated absences	<u>33,097</u>
Total liabilities	<u>101,771</u>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	76,816
Unrestricted	<u>464,618</u>
Total net assets	<u><u>\$ 541,434</u></u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expense) Revenue and Changes in Net Assets</u>  Governmental Activities
Governmental activities:			
Instructional services:			
Salaries and benefits	\$ 1,295,823	\$ 1,118,154	\$ (177,669)
Purchased services	678,525	562,760	(115,765)
Supplies and materials	109,739	91,407	(18,332)
Capital outlay - grant funded assets	6,697	47,371	40,674
Payments to other governments	144,492	143,364	(1,128)
Other objects	11,133	11,402	269
Depreciation	32,907	-	(32,907)
Administrative:			
On-behalf payments	176,956	-	(176,956)
Total governmental activities	<u>\$ 2,456,272</u>	<u>\$ 1,974,458</u>	<u>(481,814)</u>
General revenues:			
Local sources			392,826
On-behalf payments			176,956
Interest			2,199
Total general revenues			<u>571,981</u>
Change in net assets			90,167
Net assets - beginning			<u>451,267</u>
Net assets - ending			<u>\$ 541,434</u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 202,586	\$ 164,472	\$ 140,262	\$ 27,165	\$ 534,485
Due from other funds	13,056	-	75	-	13,131
Due from other governments	16,915	12,778	94	846	30,633
Prepaid expenditures	-	-	1,271	-	1,271
<b>Total assets</b>	<b>\$ 232,557</b>	<b>\$ 177,250</b>	<b>\$ 141,702</b>	<b>\$ 28,011</b>	<b>\$ 579,520</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 627	\$ 51,189	\$ 2,896	\$ -	\$ 54,712
Salaries and benefits payable	-	3,459	-	-	3,459
Due to other funds	75	13,056	-	-	13,131
Deferred revenue	-	10,503	-	-	10,503
<b>Total liabilities</b>	<b>702</b>	<b>78,207</b>	<b>2,896</b>	<b>-</b>	<b>81,805</b>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General fund	231,855	-	-	-	231,855
Special revenue funds	-	99,043	138,806	28,011	265,860
<b>Total fund balances</b>	<b>231,855</b>	<b>99,043</b>	<b>138,806</b>	<b>28,011</b>	<b>497,715</b>
<b>Total liabilities and fund balances</b>	<b>\$ 232,557</b>	<b>\$ 177,250</b>	<b>\$ 141,702</b>	<b>\$ 28,011</b>	<b>\$ 579,520</b>

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



EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20

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

Total fund balances-governmental funds	\$ 497,715
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(33,097)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>76,816</u>
Net assets of governmental activities	<u><u>\$ 541,434</u></u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 244,910	\$ 32,022	\$ 101,297	\$ 14,597	\$ 392,826
State sources	67,606	438,190	1,125	8,840	515,761
Federal sources	-	1,455,253	-	-	1,455,253
On-behalf payments	176,956	-	-	-	176,956
Interest	2,199	1,962	1,330	152	5,643
<b>Total revenues</b>	<b>491,671</b>	<b>1,927,427</b>	<b>103,752</b>	<b>23,589</b>	<b>2,546,439</b>
<b>Expenditures:</b>					
<b>Education:</b>					
Salaries and benefits	192,663	1,081,516	7,124	8,311	1,289,614
Purchased services	42,914	538,328	86,650	10,633	678,525
Supplies and materials	11,126	87,606	8,734	2,273	109,739
Capital outlay	-	45,700	1,808	-	47,508
Payments to other governments	25	143,342	1,125	-	144,492
Other objects	-	9,223	-	1,910	11,133
On-behalf payments	176,956	-	-	-	176,956
<b>Total expenditures</b>	<b>423,684</b>	<b>1,905,715</b>	<b>105,441</b>	<b>23,127</b>	<b>2,457,967</b>
Excess (deficiency) of revenues over (under) expenditures	67,987	21,712	(1,689)	462	88,472
<b>Other financing sources (uses):</b>					
Transfers in	-	894	-	-	894
Transfers out	(894)	-	-	-	(894)
<b>Total other financing sources (uses)</b>	<b>(894)</b>	<b>894</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>67,093</b>	<b>22,606</b>	<b>(1,689)</b>	<b>462</b>	<b>88,472</b>
Fund balances, beginning of year	164,762	76,437	140,495	27,549	409,243
<b>Fund balances, end of year</b>	<b>\$ 231,855</b>	<b>\$ 99,043</b>	<b>\$ 138,806</b>	<b>\$ 28,011</b>	<b>\$ 497,715</b>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

**For the year ended June 30, 2005**

Net change in fund balances \$ 88,472

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

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

Capital outlay	\$ 40,811	
Depreciation expense	<u>(32,907)</u>	7,904

Certain expenses reported in the Statement of Activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in governmental funds.

(6,209)

Change in net assets of governmental activities

\$ 90,167

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

**NOTES TO FINANCIAL STATEMENTS**

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education #20's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education #20 was created August 8, 1995, upon the consolidation of Education Service Region #20 and Education Service Region #23. Education Service Region #20 consisted of Edwards, Wabash, Wayne, and White Counties while Region #23 consisted of Gallatin, Hardin, Pope, and Saline Counties.

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

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

The Regional Office of Education #20 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #20 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #20's financial statements. In addition, the Regional Office of Education #20 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #20 being considered a component unit of the entity.

**B. Government-wide and Fund Financial Statements**

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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

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

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

The government reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Regional Office of Education #20 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. The following funds are included within the General Fund of the Regional Office of Education #20:

**Clearing** - This fund operates as an imprest account. Money is transferred from various funds and the expenditures appear within the fund in which the cost was incurred.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**General Fund** (Continued)

**Payroll** -This fund is utilized for processing payroll. Money is transferred from various funds and the salary expenses appear within the fund in which the salary cost was incurred.

**General Budget** - This fund is utilized to account for general revenues and pay various general and administrative expenses.

**ROE/ISC Operations** -This fund accounts for grant monies received and expended for general and administrative expenses.

**Media** - This fund operates as an imprest account. Money is transferred from various funds for shipping expenses.

**Institute** - This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel.

**Education** - These Special Revenue Funds account for State, local and federal grant monies received for, and payment of, administering numerous grant awards for education which include:

**ROE/ISC Technology** - This fund accounts for grant monies received and expended for implementing regional-based computer software and providing on-going support of that software.

**Workforce Investment Act** - This fund accounts for grant monies received and expended to prepare youth for entry into the labor force and to afford job training to those economically disadvantaged youth facing serious barriers to employment, who are in special need of such training to obtain productive employment.

**Standards-Aligned Classroom** - This fund accounts for monies received and expended for creating and supporting learning teams that are focused on alignment of classroom level assessment and instruction.

**Title I - Reading First Part B SEA Fund** - This fund is used to account for monies received and expended for training kindergarten through second grade teachers on early reading intervention programs.

**Federal Special Education - IDEA - Discretionary** - This fund is used to account for the federal grant which creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Education (Continued)**

**Federal Special Education - Pre-School Discretionary** - This fund is used to account for the federal grant which promotes increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.

**Education to Careers - Implementation** - This fund is used to account for the federal grant which promotes opportunities for students not prepared to enter college or the workforce.

**Regional Safe Schools** - This fund is used to account for the Regional Safe Schools grant monies. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #20.

**Safe Schools State Aid** - To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Safe School.

**Math and Science Partnerships** - To increase the academic achievement of students in mathematics and science by enhancing the content knowledge and teaching skills of classroom teachers.

**Community for Youth** - This fund is used to account for the Community for Youth State grant.

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

**Truants Alternative/Optional Education** - This fund accounts for the proceeds from State grants expended under a program to reduce student truancy.

**Truants Alternative Gen. State Aid** - These funds are used to account for the administration of monies to be used for the General State Aid Program.

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



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**Education** (Continued)

**Positive Behavioral Intervention Services** – This fund is used to account for Federal Special Education – IDEA – Discretionary grant money received from the Regional Office of Education #2 which is used to enhance the capacity of schools to safely and effectively educate all students by applying research-based behavior support systems that maximize academic achievement of student and teacher outcomes.

**Federal Lunch** - To account for monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

**State Lunch** – To account for State monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

**Technology - Enhancing Education Competitive** – To account for federal grant monies received to enhance technology integration.

**Federal Forest Reserve** – To account for federal flow-through grant monies for school districts with land in the Shawnee National Forest.

Additionally, the government reports the following nonmajor funds:

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

**General Educational Development (GED)** - The GED Fund accounts for proceeds earned from students who pay to participate in the high school equivalency program. These proceeds are used to pay administrative expenses incurred to administer the GED program.

**Bus Driver/Transportation** - This fund is used to account for the fee charged for annual training courses. Proceeds from these fees are used to pay administrative expenses incurred pertaining to the program.

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

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Investments**

State regulations require that Regional Office of Education #20 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral, or into pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #20 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**2. Interfund Transactions**

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

**3. Capital assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Building improvements	10-20
Office equipment	5-10
Computer equipment	3

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

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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. Compensated Absences**

Employees of Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as when an employee retires or resigns.

Sick leave accumulates as far as time available but is not reimbursable to employees upon termination. Therefore, no accruals or reserves have been established.

**5. Equity Classifications**

**Government-wide Statements**

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

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

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

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

**Fund Statements**

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

**E. New Accounting Pronouncement**

The GASB has issued Statement No. 40, *Deposit and Investment Risk Disclosures*, effective for the Regional Office of Education #20's fiscal year beginning July 1, 2004. Statement No. 40 establishes additional disclosure requirements addressing common risks of investments. The Statement had no effect on the Regional Office of Education #20's net assets or changes in net assets.

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REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund Balance Sheet includes a reconciliation between *fund balance-total governmental funds and net assets-governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$33,097 difference are as follows:

Compensated Absences	<u>\$33,097</u>
----------------------	-----------------

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$7,904 difference are as follows:

Capital outlay	\$ 40,811
Depreciation expense	<u>(32,907)</u>
 Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 7,904</u>

**3. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education #20 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

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

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**NOTES TO FINANCIAL STATEMENTS**

**4. USE OF ESTIMATES**

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

**5. DEPOSITS**

At June 30, 2005, the carrying amount of the Regional Office of Education #20's cash deposits was \$534,485 and the bank balance was \$643,307. Of the total bank balance, \$460,914 was secured by federal depository insurance and \$182,393 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #20's name.

**6. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Improvements other than buildings	\$ 7,370	\$ -	\$ -	\$ 7,370
Machinery and equipment	221,642	40,811	-	262,453
Total capital assets being depreciated	229,012	40,811	-	269,823
Less accumulated depreciation for:				
Improvements other than buildings	(4,989)	(557)	-	(5,546)
Machinery and equipment	(155,111)	(32,350)	-	(187,461)
Total accumulated depreciation	(160,100)	(32,907)	-	(193,007)
Governmental activities capital assets, net	\$ 68,912	\$ 7,904	\$ -	\$ 76,816

Depreciation expense was charged to functions/programs of the Regional Office of Education #20 as follows:

Governmental activities:	
Instructional services:	
Depreciation	\$32,907

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REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

**7. RETIREMENT FUND COMMITMENTS**

**A. Teachers' Retirement System of the State of Illinois**

The Regional Office of Education #20 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2005 was 9 percent of their 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 Fund (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 district's TRS-covered employees.

*On-Behalf Contributions* - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #20. For the year ended June 30, 2005, State of Illinois contributions were based on 11.76 percent of creditable earnings, and the Regional Office of Education #20 recognized revenue and expenditures of \$42,955 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 (\$54,699) and 13.01 percent (\$57,013), respectively.

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**NOTES TO FINANCIAL STATEMENTS**

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

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

The Regional Office of Education #20 makes three other types of employer contributions directly to TRS.

*2.2 Formula Contributions* - For the years ended June 30, 2005, and June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$2,119 and \$2,270, 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 \$789.

*Federal and Trust Fund Contributions* - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #20, there is a statutory requirement for the Regional Office of Education #20 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 from those funds. For the year ended June 30, 2005, salaries totaling \$109,200 were paid from federal and trust funds that required employer contributions of \$11,466. For the years ended June 30, 2004, and June 30, 2003, required contributions were \$14,175 and \$14,632, respectively.

*Early Retirement Option* - The Regional Office of Education #20 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service.

The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the years ended June 30, 2005, 2004, and 2003, the Regional Office of Education #20 paid no employer contributions under the Early Retirement Option.

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

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

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**NOTES TO FINANCIAL STATEMENTS**

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

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

*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 annual allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.

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

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

The waiver of member and employer 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.



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**NOTES TO FINANCIAL STATEMENTS**

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

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

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

**B. Illinois Municipal Retirement Fund**

The Regional Office of Education #20's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #20 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 11.38 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 5 years.

For December 31, 2004, the employer's annual pension cost of \$79,278 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the assumptions based on the 1999-2001 experience study.

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**NOTES TO FINANCIAL STATEMENTS**

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

**B. Illinois Municipal Retirement Fund (Continued)**

**Trend Information**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2004	\$ 79,278	100%	\$ -
12/31/2003	\$ 50,237	100%	\$ -
12/31/2002	\$ 6,591	100%	\$ -
12/31/2001	\$ 48,395	100%	\$ -
12/31/2000	\$ 36,009	100%	\$ -
12/31/1999	\$ 51,726	100%	\$ -
12/31/1998	\$ 31,286	100%	\$ -
12/31/1997	\$ 26,884	100%	\$ -
12/31/1996	\$ 18,139	100%	\$ -
12/31/1995	\$ 6,052	100%	\$ -

**Schedule of Funding Progress**

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

**C. Social Security**

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

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**NOTES TO FINANCIAL STATEMENTS**

**8. INTERFUND RECEIVABLES AND PAYABLES**

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

Due To	Due From	Balance at June 30, 2005
Major Governmental Fund: Institute	General Fund: Clearing	\$ 75
General Fund: General Budget	Education Fund: Fed. Sp. Ed - Pre-School Discretionary	1,000
General Budget	ROE/ISC Technology	100
General Budget	Math and Science	10
General Budget	McKinney Ed. For Homeless Children	100
General Budget	Workforce Investment Act	170
General Budget	System of Support	999
General Budget	Truants Alternative Program	100
General Budget	Regional Safe Schools	9,077
General Budget	Technology Enhancing Education	1,500
		\$13,131

At June 30, 2005 receivables to the General Budget are temporary advances to the Education Fund which is awaiting funds to be provided by the Illinois State Board of Education that will be disbursed from the Clearing Fund. The interfund receivable to the Institute Fund is an amount due from the Illinois State Board of Education to the General Fund, which will disburse the amount to this Institute Fund account.

**9. SCHEDULE OF TRANSFERS**

At June 30, 2005, transfers were as follows:

Transfer From Other Funds (Transfer In)	Transfer To Other Funds (Transfers Out)
Educational Fund: Community for Youth	General Fund: General Budget
\$ 894	\$ 894

This transfer relates to the amount by which the Community for Youth receivable was overstated at June 30, 2004. The funds were transferred in from the General Budget Fund to cover the amount by which expenditures exceeded actual revenue received.

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**NOTES TO FINANCIAL STATEMENTS**

**10. CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2005 was as follows:

	<u>Balance at July 1, 2004</u>	<u>Additions</u>	<u>Balance at June 30, 2005</u>
Compensated Absences	\$ 26,888	\$ 6,209	\$ 33,097

Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been presented. Compensated absences are liquidated through the fund that provides the particular employee's salary.

**11. BOND**

The 105 ILCS 5/3-2 directs the Regional Office of Education #20 to execute a bond of not less than \$100,000 on the regional superintendent. The Regional Office of Education #20 has secured and maintained such a bond with coverage of \$2,750,000 on the regional superintendent.

**12. ON-BEHALF PAYMENTS**

The Regional Office of Education #20 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent salary	\$ 84,737	
Regional Superintendent benefits (includes State paid insurance)	11,636	
Assistant Regional Superintendent salary	34,954	
Assistant Regional Superintendent benefits (includes State paid insurance)	2,674	
TRS Pension contributions	42,955	
	<u>\$ 176,956</u>	

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

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

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**NOTES TO FINANCIAL STATEMENTS**

**13. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS**

The Regional Office of Education #20 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #20 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**14. OPERATING LEASE**

The Regional Office of Education #20 leases its office facilities. The lease term is from January 1, 2004 to December 31, 2007. The monthly rental payments under the lease are \$2,360 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

In addition, the Regional Office of Education #20 subleases a portion of their facilities to Preschool Discretionary and Workforce Investment Act. Sublease income was \$9,446 for the year ended June 30, 2005.

The Regional Office of Education #20 leases office space for an Alternative School in Harrisburg, Illinois. The lease term is from January 1, 2004 through December 31, 2007. The monthly rental payments under the lease are \$2,050 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

The Regional Office leases office space for an Alternative School in Mill Shoals, Illinois from the Village of Mill Shoals. The lease term is from July 1, 2005 to June 30, 2006. The monthly rental payments under the lease are \$382 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

During the year ended June 30, 2005, rentals under lease obligations were \$57,504.

Future minimum rentals for the years ending June 30 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 57,504
2007	52,920
2008	26,460

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**NOTES TO FINANCIAL STATEMENTS**

**15. DUE FROM OTHER GOVERNMENTS**

The Regional Office of Education #20's General Fund and various grant programs have funds due from various other governmental units which consist of the following at June 30, 2005:

Due From Other Governments

Gallatin County Clerk	\$ 3,622
Golconda Civilian Conservation Center	610
Illinois Department of Corrections	130
Illinois State Board of Education	9,071
Miscellaneous School Districts	326
Regional Office of Education #2	1,059
Regional Office of Education #25	2,462
Saline County Clerk	4,485
Southeastern IL College	70
Wayne County Clerk	<u>8,798</u>
Total	<u>\$ 30,633</u>

**16. CONTINGENCIES**

The Regional Office of Education #20 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #20 believes any adjustments that may arise will be insignificant to the Regional Office of Education #20's operations.

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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**ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2004	\$ 1,160,983	\$ 1,275,012	\$ 114,029	91.06 %	\$ 696,640	16.37 %
12/31/2003	\$ 1,024,201	\$ 1,150,896	\$ 126,695	88.99 %	\$ 681,647	18.59 %
12/31/2002	\$ 1,019,182	\$ 1,103,780	\$ 84,598	92.34 %	\$ 679,465	12.45 %
12/31/2001	\$ 1,127,584	\$ 1,048,359	\$ (79,225)	107.56 %	\$ 618,861	-- %
12/31/2000	\$ 1,028,619	\$ 891,786	\$ (136,833)	115.34 %	\$ 583,612	-- %
12/31/1999	\$ 875,867	\$ 825,909	\$ (49,958)	106.05 %	\$ 547,368	-- %
12/31/1998	\$ 695,971	\$ 701,335	\$ 5,364	99.24 %	\$ 506,245	1.06 %
12/31/1997	\$ 607,265	\$ 684,291	\$ 77,026	88.74 %	\$ 559,917	13.76 %
12/31/1996	\$ 520,548	\$ 567,054	\$ 46,506	91.80 %	\$ 401,296	11.59 %
12/31/1995	\$ 285,165	\$ 482,365	\$ 197,200	59.12 %	\$ 155,983	126.42 %

On a market value basis the actuarial value of assets as of December 31, 2004 was \$1,163,863.  
On a market basis, the funded ratio would be 91.28 percent.

Digest of Changes

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

The principal changes were:

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



**SUPPLEMENTAL INFORMATION**

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2005**

	Clearing	Payroll	General Budget
<b>ASSETS</b>			
Cash	\$ 281	\$ 2,664	\$ 188,779
Due from other funds	-	-	13,156
Due from other governments	-	-	16,915
	-	-	16,915
Total assets	\$ 281	\$ 2,664	\$ 218,850
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 124
Due to other funds	75	-	-
	75	-	-
Total liabilities	75	-	124
<b>FUND BALANCE</b>			
Unreserved	206	2,664	218,726
Total liabilities and fund balance	\$ 281	\$ 2,664	\$ 218,850

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	<u>ROE/ISC Operations</u>	<u>Media</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 492	\$ 10,370	\$ -	\$ 202,586
Due from other funds	-	-	(100)	13,056
Due from other governments	-	-	-	16,915
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,915</u>
Total assets	<u>\$ 492</u>	<u>\$ 10,370</u>	<u>\$ (100)</u>	<u>\$ 232,557</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 392	\$ 111	\$ -	\$ 627
Due to other funds	100	-	(100)	75
	<u>100</u>	<u>-</u>	<u>(100)</u>	<u>75</u>
Total liabilities	492	111	(100)	702
<b>FUND BALANCE</b>				
Unreserved	-	10,259	-	231,855
	<u>-</u>	<u>10,259</u>	<u>-</u>	<u>231,855</u>
Total liabilities and fund balance	<u>\$ 492</u>	<u>\$ 10,370</u>	<u>\$ (100)</u>	<u>\$ 232,557</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	<u>Clearing</u>	<u>Payroll</u>	<u>General Budget</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 244,854
State sources	-	-	-
On-behalf payments	-	-	176,956
Interest	99	176	1,884
	<hr/>	<hr/>	<hr/>
Total revenues	99	176	423,694
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	-	144,089
Purchased services	-	2,168	25,109
Supplies and materials	38	327	7,144
Payments to other governments	-	-	25
On-behalf payments	-	-	176,956
	<hr/>	<hr/>	<hr/>
Total expenditures	38	2,495	353,323
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	61	(2,319)	70,371
Other financing sources (uses):			
Transfers out	-	-	(894)
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	61	(2,319)	69,477
Fund balance, beginning of year	145	4,983	149,249
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 206</u>	<u>\$ 2,664</u>	<u>\$ 218,726</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	ROE/ISC Operations	Media	Total
<b>Revenues:</b>			
Local sources	\$ 56	\$ -	\$ 244,910
State sources	67,606	-	67,606
On-behalf payments	-	-	176,956
Interest	-	40	2,199
	<u>67,662</u>	<u>40</u>	<u>491,671</u>
<b>Expenditures:</b>			
Salaries and benefits	48,574	-	192,663
Purchased services	15,569	68	42,914
Supplies and materials	3,519	98	11,126
Payments to other governments	-	-	25
On-behalf payments	-	-	176,956
	<u>67,662</u>	<u>166</u>	<u>423,684</u>
Excess (deficiency) of revenues over (under) expenditures	-	(126)	67,987
<b>Other financing sources (uses):</b>			
Transfers out	-	-	(894)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(126)	67,093
Fund balance, beginning of year	<u>-</u>	<u>10,385</u>	<u>164,762</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 10,259</u>	<u>\$ 231,855</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 56	\$ 56
State sources	67,606	67,606	67,606	-
<b>Total revenues</b>	<u>67,606</u>	<u>67,606</u>	<u>67,662</u>	<u>56</u>
<b>Expenditures:</b>				
Salaries and benefits	43,320	48,460	48,574	114
Purchased services	19,361	15,320	15,569	249
Supplies and materials	2,975	3,326	3,519	193
Capital outlay	1,950	500	-	(500)
<b>Total expenditures</b>	<u>67,606</u>	<u>67,606</u>	<u>67,662</u>	<u>56</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund balance, beginning of year</b>			-	
<b>Fund balance, end of year</b>			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	ROE/ISC Technology	Workforce Investment Act	Standards- Aligned Classroom
<b>ASSETS</b>			
Cash	\$ 104	\$ 170	\$ 1,799
Due from other governments	-	-	-
Total assets	\$ 104	\$ 170	\$ 1,799
<b>LIABILITIES</b>			
Accounts payable	\$ 4	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	100	170	-
Unearned revenue	-	-	-
Total liabilities	104	170	-
<b>FUND BALANCE</b>			
Unreserved	-	-	1,799
Total liabilities and fund balance	\$ 104	\$ 170	\$ 1,799

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Title I - Reading First Part B SEA Fund	Fed. Sp. Ed. - IDEA - Discretionary	Fed. Sp. Ed. - Pre-School Discretionary
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 10,503	\$ 44,557	\$ 23,398
Due from other governments	-	240	40
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 10,503</u>	<u>\$ 44,797</u>	<u>\$ 23,438</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 23,461	\$ 22,438
Salaries and benefits payable	-	-	-
Due to other funds	-	-	1,000
Unearned revenue	10,503	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	10,503	23,461	23,438
<b>FUND BALANCE</b>			
Unreserved	-	21,336	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 10,503</u>	<u>\$ 44,797</u>	<u>\$ 23,438</u>



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Education to Careers - Implementation	Regional Safe Schools	Safe Schools State Aid
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ -	\$ 165	\$ 58,753
Due from other governments	-	8,977	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ -</u>	<u>\$ 9,142</u>	<u>\$ 58,753</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 65	\$ 859
Salaries and benefits payable	-	-	-
Due to other funds	-	9,077	-
Unearned revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	9,142	859
<b>FUND BALANCE</b>			
Unreserved	-	-	57,894
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 9,142</u>	<u>\$ 58,753</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	<u>Math and Science Partnerships</u>	<u>Community for Youth</u>	<u>System of Support</u>
<b>ASSETS</b>			
Cash	\$ 10	\$ -	\$ 1,026
Due from other governments	<u>2,462</u>	<u>-</u>	<u>809</u>
Total assets	<u>\$ 2,472</u>	<u>\$ -</u>	<u>\$ 1,835</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 88
Salaries and benefits payable	2,462	-	748
Due to other funds	10	-	999
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	2,472	-	1,835
<b>FUND BALANCE</b>			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,472</u>	<u>\$ -</u>	<u>\$ 1,835</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Truants Alternative/ Optional Education	Truants Alternative Gen. State Aid	McKinney Ed. For Homeless Children
<b>ASSETS</b>			
Cash	\$ 100	\$ 19,074	\$ 1,625
Due from other governments	-	-	-
Total assets	\$ 100	\$ 19,074	\$ 1,625
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 1,060	\$ 1,525
Salaries and benefits payable	-	-	-
Due to other funds	100	-	100
Unearned revenue	-	-	-
Total liabilities	100	1,060	1,625
<b>FUND BALANCE</b>			
Unreserved	-	18,014	-
Total liabilities and fund balance	\$ 100	\$ 19,074	\$ 1,625

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	<u>Positive Behavioral Intervention Services</u>	<u>Federal Lunch</u>	<u>State Lunch</u>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Due from other governments	250	-	-
Total assets	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1	\$ -	\$ -
Salaries and benefits payable	249	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	250	-	-
<b>FUND BALANCE</b>			
Unreserved	-	-	-
Total liabilities and fund balance	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	<u>Technology - Enhancing Education Competitive</u>	<u>Federal Forest Reserve</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 3,188	\$ -	\$ 164,472
Due from other governments	<u>-</u>	<u>-</u>	<u>12,778</u>
Total assets	<u>\$ 3,188</u>	<u>\$ -</u>	<u>\$ 177,250</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,688	\$ -	\$ 51,189
Salaries and benefits payable	-	-	3,459
Due to other funds	1,500	-	13,056
Unearned revenue	<u>-</u>	<u>-</u>	<u>10,503</u>
Total liabilities	3,188	-	78,207
<b>FUND BALANCE</b>			
Unreserved	<u>-</u>	<u>-</u>	<u>99,043</u>
Total liabilities and fund balance	<u>\$ 3,188</u>	<u>\$ -</u>	<u>\$ 177,250</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	ROE/ISC Technology	Workforce Investment Act	Standards- Aligned Classroom
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	16,351	-	-
Federal sources	-	48,712	-
Interest	7	1	-
<b>Total revenues</b>	<b>16,358</b>	<b>48,713</b>	<b>-</b>
<b>Expenditures:</b>			
Salaries and benefits	5,976	38,386	-
Purchased services	5,648	9,533	-
Supplies and materials	134	794	-
Capital outlay	4,600	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
<b>Total expenditures</b>	<b>16,358</b>	<b>48,713</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	-	-	1,799
Fund balance, end of year	\$ -	\$ -	\$ 1,799

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Title I - Reading First Part B SEA Fund	Fed. Sp. Ed. - IDEA - Discretionary	Fed. Sp. Ed. - Pre-School Discretionary
<b>Revenues:</b>			
Local sources	\$ -	\$ 24,560	\$ -
State sources	-	-	-
Federal sources	22,529	578,206	509,232
Interest	95	387	669
<b>Total revenues</b>	<b>22,624</b>	<b>603,153</b>	<b>509,901</b>
<b>Expenditures:</b>			
Salaries and benefits	10,492	459,129	130,866
Purchased services	2,201	67,569	372,103
Supplies and materials	2,781	31,992	6,363
Capital outlay	-	29,575	-
Payments to other governments	7,150	239	569
Other objects	-	-	-
<b>Total expenditures</b>	<b>22,624</b>	<b>588,504</b>	<b>509,901</b>
Excess (deficiency) of revenues over (under) expenditures	-	14,649	-
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	14,649	-
Fund balance, beginning of year	-	6,687	-
Fund balance, end of year	\$ -	\$ 21,336	\$ -

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Education to Careers - Implementation	Regional Safe Schools	Safe Schools State Aid
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	120,154	84,926
Federal sources	34,883	22,560	16,985
Interest	20	91	145
Total revenues	<u>34,903</u>	<u>142,805</u>	<u>102,056</u>
Expenditures:			
Salaries and benefits	23,511	125,504	39,562
Purchased services	1,779	7,079	18,702
Supplies and materials	1,160	5,546	5,499
Capital outlay	-	4,676	4,249
Payments to other governments	8,453	-	-
Other objects	-	-	-
Total expenditures	<u>34,903</u>	<u>142,805</u>	<u>68,012</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	34,044
Other financing sources (uses):			
Transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	34,044
Fund balance, beginning of year	-	-	23,850
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,894</u>



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Math and Science Partnerships	Community for Youth	System of Support
Revenues:			
Local sources	\$ 7,462	\$ -	\$ -
State sources	-	(894)	1,688
Federal sources	-	-	30,211
Interest	2	-	8
	7,464	(894)	31,907
Total revenues			
Expenditures:			
Salaries and benefits	6,525	-	25,970
Purchased services	939	-	5,785
Supplies and materials	-	-	152
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
	7,464	-	31,907
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	-	(894)	-
Other financing sources (uses):			
Transfers in	-	894	-
	-	894	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Truants Alternative/ Optional Education	Truants Alternative Gen. State Aid	McKinney Ed. For Homeless Children
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	46,250	169,272	-
Federal sources	-	-	26,467
Interest	33	154	11
	46,283	169,426	26,478
Expenditures:			
Salaries and benefits	45,689	136,965	23,640
Purchased services	587	41,138	947
Supplies and materials	7	17,410	1,830
Capital outlay	-	-	-
Payments to other governments	-	-	61
Other objects	-	-	-
	46,283	195,513	26,478
Excess (deficiency) of revenues over (under) expenditures	-	(26,087)	-
Other financing sources (uses):			
Transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(26,087)	-
Fund balance, beginning of year	-	44,101	-
Fund balance, end of year	\$ -	\$ 18,014	\$ -

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Positive Behavioral Intervention Services	Federal Lunch	State Lunch
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	443
Federal sources	11,469	8,780	-
Interest	-	-	-
<b>Total revenues</b>	<b>11,469</b>	<b>8,780</b>	<b>443</b>
<b>Expenditures:</b>			
Salaries and benefits	9,076	-	-
Purchased services	2,390	-	-
Supplies and materials	3	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	8,780	443
<b>Total expenditures</b>	<b>11,469</b>	<b>8,780</b>	<b>443</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Technology - Enhancing Education Competitive	Federal Forest Reserve	Total
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 32,022
State sources	-	-	438,190
Federal sources	126,945	18,274	1,455,253
Interest	339	-	1,962
<b>Total revenues</b>	<b>127,284</b>	<b>18,274</b>	<b>1,927,427</b>
<b>Expenditures:</b>			
Salaries and benefits	225	-	1,081,516
Purchased services	1,928	-	538,328
Supplies and materials	13,935	-	87,606
Capital outlay	2,600	-	45,700
Payments to other governments	108,596	18,274	143,342
Other objects	-	-	9,223
<b>Total expenditures</b>	<b>127,284</b>	<b>18,274</b>	<b>1,905,715</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	21,712
<b>Other financing sources (uses):</b>			
Transfers in	-	-	894
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	22,606
Fund balance, beginning of year	-	-	76,437
Fund balance, end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 99,043</b>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

**TITLE I - READING FIRST PART B SEA FUNDS - PROJECT #04-4337-02**

**For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 28,131	\$ 28,131	\$ 5,910	\$ (22,221)
Interest	-	-	-	-
Total revenues	<u>28,131</u>	<u>28,131</u>	<u>5,910</u>	<u>(22,221)</u>
Expenditures:				
Salaries and benefits	5,483	5,483	2,029	(3,454)
Purchased services	1,380	1,380	431	(949)
Supplies and materials	6,768	6,768	-	(6,768)
Payments to other governments	<u>14,500</u>	<u>14,500</u>	<u>3,450</u>	<u>(11,050)</u>
Total expenditures	<u>28,131</u>	<u>28,131</u>	<u>5,910</u>	<u>(22,221)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

**TITLE I - READING FIRST PART B SEA FUNDS - PROJECT #05-4337-02**

**For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 41,537	\$ 41,537	\$ 16,619	\$ (24,918)
Interest	-	-	95	95
	<u>41,537</u>	<u>41,537</u>	<u>16,714</u>	<u>(24,823)</u>
Total revenues				
Expenditures:				
Salaries and benefits	15,970	15,970	8,463	(7,507)
Purchased services	3,067	3,067	1,770	(1,297)
Supplies and materials	3,500	3,500	2,781	(719)
Payments to other governments	19,000	19,000	3,700	(15,300)
	<u>41,537</u>	<u>41,537</u>	<u>16,714</u>	<u>(24,823)</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 24,560	\$ 24,560
Federal sources	587,000	578,206	578,206	-
Interest	-	-	387	387
	<u>587,000</u>	<u>578,206</u>	<u>603,153</u>	<u>24,947</u>
Total revenues				
Expenditures:				
Salaries and benefits	501,543	458,904	459,129	225
Purchased services	48,464	48,577	67,569	18,992
Supplies and materials	9,065	29,203	31,992	2,789
Capital outlay	15,908	29,125	29,575	450
Payments to other governments	-	-	239	239
Indirect costs	12,020	12,397	-	(12,397)
	<u>587,000</u>	<u>578,206</u>	<u>588,504</u>	<u>10,298</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	14,649	<u>\$ 14,649</u>
Fund balance, beginning of year			<u>6,687</u>	
Fund balance, end of year			<u>\$ 21,336</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FED. - SP. ED. - PRE-SCHOOL DISCRETIONARY - PROJECT #05-4605-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 509,232	\$ 509,232	\$ 509,232	\$ -
Interest	-	-	669	669
Total revenues	<u>509,232</u>	<u>509,232</u>	<u>509,901</u>	<u>669</u>
Expenditures:				
Salaries and benefits	146,526	146,526	130,866	(15,660)
Purchased services	355,821	355,821	372,103	16,282
Supplies and materials	6,885	6,885	6,363	(522)
Payments to other governments	-	-	569	569
Total expenditures	<u>509,232</u>	<u>509,232</u>	<u>509,901</u>	<u>669</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EDUCATION TO CAREERS IMPLEMENTATION - PROJECT #05-4777-00  
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Federal sources	\$ 34,883	\$ 34,883	\$ 34,883	\$ -
Interest	-	-	20	20
<b>Total revenues</b>	<b>34,883</b>	<b>34,883</b>	<b>34,903</b>	<b>20</b>
<b>Expenditures:</b>				
Salaries and benefits	23,510	23,510	23,511	1
Purchased services	2,673	2,673	1,779	(894)
Supplies and materials	1,200	1,200	1,160	(40)
Payments to other governments	7,500	7,500	8,453	953
<b>Total expenditures</b>	<b>34,883</b>	<b>34,883</b>	<b>34,903</b>	<b>20</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 120,154	\$ 120,154	\$ 120,154	\$ -
Federal sources	22,560	22,560	22,560	-
Interest	-	-	91	91
	<u>142,714</u>	<u>142,714</u>	<u>142,805</u>	<u>91</u>
Total revenues				
Expenditures:				
Salaries and benefits	123,441	126,468	125,504	(964)
Purchased services	9,441	7,064	7,079	15
Supplies and materials	4,832	4,182	5,546	1,364
Capital outlay	5,000	5,000	4,676	(324)
	<u>142,714</u>	<u>142,714</u>	<u>142,805</u>	<u>91</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 46,250	\$ 46,250	\$ 46,250	\$ -
Interest	-	-	33	33
Total revenues	<u>46,250</u>	<u>46,250</u>	<u>46,283</u>	<u>33</u>
Expenditures:				
Salaries and benefits	45,700	45,700	45,689	(11)
Purchased services	550	550	587	37
Supplies and materials	-	-	7	7
Total expenditures	<u>46,250</u>	<u>46,250</u>	<u>46,283</u>	<u>33</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

	General Education Development	Bus Driver/ Transportation	Supervisory	Total
<b>ASSETS</b>				
Cash	\$ 10,178	\$ 10,912	\$ 6,075	\$ 27,165
Due from other governments	810	36	-	846
<b>Total assets</b>	<b>\$ 10,988</b>	<b>\$ 10,948</b>	<b>\$ 6,075</b>	<b>\$ 28,011</b>
<b>LIABILITIES</b>				
	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCE</b>				
Unreserved	10,988	10,948	6,075	28,011
<b>Total liabilities and fund balance</b>	<b>\$ 10,988</b>	<b>\$ 10,948</b>	<b>\$ 6,075</b>	<b>\$ 28,011</b>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

**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 Driver/ Transportation	Supervisory	Total
<b>Revenues:</b>				
Local sources	\$ 12,673	\$ 1,924	\$ -	\$ 14,597
State sources	-	840	8,000	8,840
Interest	57	44	51	152
<b>Total revenues</b>	<b>12,730</b>	<b>2,808</b>	<b>8,051</b>	<b>23,589</b>
<b>Expenditures:</b>				
Salaries and benefits	6,175	2,136	-	8,311
Purchased services	6,895	746	2,992	10,633
Supplies and materials	2,107	64	102	2,273
Other objects	-	-	1,910	1,910
<b>Total expenditures</b>	<b>15,177</b>	<b>2,946</b>	<b>5,004</b>	<b>23,127</b>
Excess (deficiency) of revenues over (under) expenditures	(2,447)	(138)	3,047	462
Fund balance, beginning of year	13,435	11,086	3,028	27,549
Fund balance, end of year	<u>\$ 10,988</u>	<u>\$ 10,948</u>	<u>\$ 6,075</u>	<u>\$ 28,011</u>

**FEDERAL FINANCIAL COMPLIANCE SECTION**

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project Number	Federal Expenditures 7/1/04 - 6/30/05
<b>U.S. Department of Health and Human Services:</b>			
<i>Passed through Illinois State Board of Education</i>			
Regional Safe Schools	93.558	05-3696-00	\$ 22,560
Safe Schools State Aid	93.558	05-3001-93	16,985
Total U.S. Department of Health and Human Resources			<u>39,545</u>
<b>U.S. Department of Education:</b>			
<i>Passed through Illinois State Board of Education</i>			
(M) Fed. Sp. Ed. - IDEA - Discretionary	84.027A	05-4630-00	578,206
Fed. Sp. Ed. - Pre-School Discretionary	84.173A	05-4605-00	509,232
Title I - Reading First Part B SEA Funds	84.357A	04-4337-02	5,910
Title I - Reading First Part B SEA Funds	84.357A	05-4337-02	16,619
Total Title I - Reading First Part B SEA Funds			<u>22,529</u>
Total Illinois State Board of Education			<u>1,109,967</u>
<i>Passed through Regional Office of Education #2</i>			
(M) Fed. Sp. Ed. - IDEA - Discretionary	84.027A	05-4630-00	11,469
Title I - Grants to Local Education Agencies	84.010A	05-4331-00	27,846
Improving Teacher Quality	84.367A	05-4935-00	150
Innovative Programs	84.298A	05-4105-00	2,215
Total Regional Office of Education #2			<u>41,680</u>
<i>Passed through Regional Office of Education #12</i>			
(M) Technology - Enhancing Education Competitive	84.318X	05-4972-00	126,945
<i>Passed through Regional Office of Education #21</i>			
McKinney Education for Homeless Children	84.196A	05-4920-00	26,467
Total U.S. Department of Education			<u>1,305,059</u>
<b>U.S. Department of Labor:</b>			
<i>Passed through Illinois State Board of Education</i>			
Education to Careers - Implementation	17.263	05-4777-00	34,883
<i>Passed through Mid-5 Employment &amp; Training, Inc.</i>			
Workforce Investment Act	17.259	Y70-PY04-02	22,500
<i>Passed through Wabash Area Development, Inc.</i>			
Workforce Investment Act	17.259	WIA-ISY-PY04	26,212
Total Workforce Investment Act			<u>48,712</u>
Total U.S. Department of Labor			<u>83,595</u>
<b>U.S. Department of Agriculture:</b>			
<i>Passed through Illinois State Board of Education</i>			
National School Lunch Program	10.555	04-4210-00	1,242
National School Lunch Program	10.555	05-4210-00	7,538
Total Illinois State Board of Education			<u>8,780</u>
<b>U.S. Forestry Department:</b>			
<i>Passed through Illinois Department of Natural Resources</i>			
Federal Forest Reserve	10.670	05-4473-00	18,274
<b>TOTAL</b>			<u><u>\$ 1,455,253</u></u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20**

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

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #20 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the Regional Office of Education #20 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title I – Reading First Part B SEA funds	84.357A	<u>\$ 7,150</u>
Federal Forest Reserve	10.670	<u>\$18,274</u>
Education to Careers	17.263	<u>\$ 8,453</u>

**3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS**

**Fed. Sp. Ed. - IDEA - Discretionary** - This fund is used to account for the federal grant which creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

**Technology - Enhancing Education Competitive** – To account for federal grant monies received to enhance technology integration.

**4. NON-CASH ASSISTANCE**

The note is not applicable to Regional Office of Education #20.

**5. AMOUNT OF INSURANCE**

The note is not applicable to Regional Office of Education #20.

**6. LOANS OR LOAN GUARANTEES OUTSTANDING**

The note is not applicable to Regional Office of Education #20.