

**State of Illinois**  
**CLINTON, MARION, AND WASHINGTON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #13**  
**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**

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
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JUNE 30, 2005

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OFFICIALS

REGIONAL OFFICE OF EDUCATION #13

Regional Superintendent  
(Current, Acting Effective March 1, 2005)

Mr. David L. Erlinger

Regional Superintendent  
(During the Audit Period and Retired Effective February 28, 2005)

Mr. Danny L. Garrett

Assistant Regional Superintendent  
(Current, Acting Effective March 1, 2005)

Mr. David Wilson

Assistant Regional Superintendent  
(Acting – Effective July 1, 2004,- February 28, 2005)

Mr. David L. Erlinger

Offices are located at:

Clinton County Office  
930-B Fairfax  
Carlyle, IL 62231-1811

Marion County Office  
Public Services Building  
200 E. Schwartz  
Salem, IL 62881

Washington County Office  
1180 W. St. Louis St.  
Nashville, IL 62263

REGIONAL OFFICE OF EDUCATION #13

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	2	1
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	1	1

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
05-2	12b	Controls Over Compliance with Laws and Regulations
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)		
05-1	12a	Unexpended Grant Funds and Interest Income

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

04-1                      15                      Improper Expenditure Classification

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

NONE

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 19, 2005. Attending were Dave Erlinger, Regional Superintendent and Tami S. Colpitts-Knight, CPA, Manager, Kemper CPA Group LLP. Responses to the recommendations were provided by Dave Erlinger, Regional Superintendent.

## FINANCIAL STATEMENT REPORT

### SUMMARY

The audit of the accompanying basic financial statements of the Clinton, Marion, and Washington Counties Regional Office of Education #13 was performed by Kemper CPA Group LLP, CPAs.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #13's basic financial statements.

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton, Marion, and Washington Counties Regional Office of Education #13, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #13's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office Education #13's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #13, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 19, 2005 on our consideration of the Regional Office of Education #13'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 16a through 16k, and 49 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #13's basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of Disbursements to School District Treasurers' and Other Entities - Distributive Fund, 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, Schedule of Disbursements to School District Treasurers' and Other Entities - Distributive Fund, 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.

A handwritten signature in black ink that reads "Kemper CPA Group LLP". The signature is written in a cursive, flowing style.

*Certified Public Accountants and Consultants*

Mt. Vernon, Illinois  
August 19, 2005

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #13, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #13's basic financial statements and have issued our report thereon dated August 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #13'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 Regional Office of Education #13's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 05-1. We also noted a certain immaterial instance of noncompliance which is required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-2.

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mt. Vernon, Illinois  
August 19, 2005

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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of Regional Office of Education #13 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 Regional Office of Education #13's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #13's management. Our responsibility is to express an opinion on the Regional Office of Education #13's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #13's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #13's compliance with those requirements.

In our opinion, Regional Office of Education #13 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 05-1.

## Internal Control Over Compliance

The management of the Regional Office of Education #13 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #13'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.

*Kemper CPA Group, LLP*

*Certified Public Accountants and Consultants*

Mt. Vernon, Illinois  
August 19, 2005

CLINTON, MARION AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2005

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

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? No
- Noncompliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? No

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? Yes

Identification of **major** programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.181	Special Education Grants for Infants and Families with Disabilities
93.667	Social Service Block Grant

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

Auditee qualified as a low-risk auditee? Yes

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No.: 05-1 – Unexpended Grant Funds and Interest Income**

**Federal Program Name & Year:** (a) Child and Family Connections, (b) Title I - School Improvement

**Project Number:** (a) 511G5749000 (b) 00-4331-SS

**CFDA Number:** (a) 84.181, (b) 84.010A

**Passed Through:** (a) Illinois Department of Human Services (b) Illinois State Board of Education

**Federal Agency:** (a) U.S. Department of Education (b) U.S. Department of Education

**Criteria/specific requirement:**

The Illinois Grant Funds Recovery Act (30 ILCS 705/5) requires that all grant funds that have not been expended or obligated by the end of the grant period be returned to the granting agency within 45 days after the end of the period. The Act also states that all interest earned on grant funds held by a grantee shall become part of the grant principal when earned and be treated accordingly for all purposes unless the grant agreement provides otherwise. In addition, the Cash Management Improvement Act of 1990 (31 CFR part 205) requires that interest earned on federal fund balances in excess of \$100 be remitted back to the federal granting agency.

**Condition:**

The Regional Office of Education #13 had multiple programs with excess cash balances at June 30, 2005 that had not been obligated and the balances were not refunded to the granting agencies by August 15, 2005. The following grant-funded programs had period-end cash balances:

- Summer Bridges - \$21
- Title I School Improvement - \$2,772
- Regular Education Initiative - \$1,054
- Substance Abuse and Violence Prevention - \$5,100
- Child and Family Connections - \$38,385

The Regional Office of Education #13 also did not allocate interest income to any of their Federal grant programs even though several of those programs had substantial cash balances throughout the year.

**Questioned Costs:**

\$41,157

**Context:**

N/A

**Effect:**

Noncompliance with the Illinois Grant Funds Recovery Act and the Cash Management Improvement Act of 1990.

**Cause:**

The Regional Office of Education #13 stated that the Illinois State Board of Education had not requested the unspent grant funding and interest income and the Illinois Department of Human Services could not instruct the Regional Office where to return the unspent Child and Family Connections grant funding and interest income.

**Recommendation:**

The Regional Office of Education #13 should return the unspent funds to the granting agencies. In the future, the Regional Office of Education #13 should contact the granting agencies to determine a proper means of disposition of excess grant funds and interest income at period end. This should be performed timely.

**Management's Response:**

The Regional Superintendent agrees with the finding.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 05-2 – 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 his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands.

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

**Condition:**

The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his 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 his 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 #13 did not comply with statutory requirements.

**Cause:**

The Regional Superintendent was unaware of the statutory requirements.

**Recommendation:**

The Regional Office of Education #13 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.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005

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

**INSTANCES OF NONCOMPLIANCE:**

**Finding No. 05-1 - Unexpended Grant Funds and Interest Income** (finding details on page 12a)

**REPORTABLE CONDITIONS:**

**Finding No. 05-1 - Unexpended Grant Funds and Interest Income** (finding details on page 12a)

CLINTON, MARION AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2005

**Corrective Action Plan**

Finding No. 05-1

Condition:

The Regional Office of Education #13 had multiple programs with excess cash balances at June 30, 2005 that had not been obligated and the balances were not refunded to the granting agencies by August 15, 2005. The following grant-funded programs had period-end cash balances:

- Summer Bridges - \$21
- Title I School Improvement - \$2,772
- Regular Education Initiative - \$1,054
- Substance Abuse and Violence Prevention - \$5,100
- Child and Family Connections - \$38,385

The Regional Office of Education #13 also did not allocate interest income to any of their Federal grant programs even though several of those programs had substantial cash balances throughout the year.

Plan:

The Regional Office of Education #13 will return the unspent funds to the granting agencies. In the future, the Regional Office of Education #13 will contact the granting agencies to determine a proper means of disposition of excess grant funds and interest income at period end. This will be performed timely.

Anticipated Completion Date:

Immediately upon learning of the oversight.

Contact Person:

Honorable David Erlinger, Regional Superintendent of Schools

Finding No. 05-2

Condition:

The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his 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 his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

Plan:

The Regional Office of Education #13 will 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 will seek legislative action to revise the statute accordingly.

Anticipated Completion Date:

Immediately upon learning of the oversight.

Contact Person:

Honorable David Erlinger, Regional Superintendent of Schools

CLINTON, MARION AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2005

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
04-1	Improper Expenditure Classification	Corrective Action Taken

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

Regional Office of Education #13 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the Regional Office of Education #13's financial statements, which follow.

The Regional Office of Education #13 continued to develop the new reporting standards initiated in FY04. Comparisons are more meaningful and will go further in explaining the Regional Office of Education #13's financial position and results of operations. This includes capabilities for closer monitoring and periodic analysis.

### **2005 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$508,187 in fiscal year 2004 to \$476,892 in fiscal year 2005, while General Fund expenditures decreased from \$532,869 in FY04 to \$513,012 in FY05. This resulted in a decrease in the Regional Office of Education #13's General Fund balance from \$105,480 in FY04 to \$70,294 in FY05.
- The decrease in General Fund revenues was attributed to a decrease in State sources of revenue in FY05. The decrease in expenditures was due primarily to budget restrictions. The Regional Office of Education #13 funded a portion of the current year General Fund services from the carryover fund balance in the General Fund.
- Education Fund revenues decreased from \$2,218,263 in fiscal year 2004 to \$2,040,568 in fiscal year 2005, which Education Fund expenditures decreased from \$2,051,249 in FY04 to \$2,041,957 in FY05. Interest revenue increased from \$14,643 in FY04 to \$23,102 in FY05. These factors resulted in an increase in the Education Fund balance from \$1,069,063 in FY04 to \$1,090,776 in FY05.
- The decrease in Education Fund revenues was also attributed to a decrease in State sources of revenue in FY05. The decrease in expenditures was due primarily to budget restrictions.

### **USING THIS ANNUAL REPORT**

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

- The Regional Office of Education #13's Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #13's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Regional Office of Education #13 as a whole and present an overall view of the Regional Office of Education #13's finances.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

**USING THIS ANNUAL REPORT (Concluded)**

- 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 of Education #13'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.
- The required supplementary information further explains and supports the financial statements with a comparison of the Regional Office of Education #13's budget for the year and supplementary information also provides detailed information about the non-major funds.

**REPORTING THE REGIONAL OFFICE OF EDUCATION #13 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 #13 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the Regional Office of Education #13's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office of Education #13's net assets and how they have changed. Net assets – the difference between the Regional Office of Education #13's assets and liabilities – are one way to measure the Regional Office of Education #13's financial health or position.

- Over time, increase or decreases in the Regional Office of Education #13's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #13's overall health, additional non-financial factors, need to be considered.

In the government-wide financial statements, the Regional Office of Education #13's activities are divided into two categories:

- *Governmental activities:* Most of the Regional Office of Education #13's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. State and federal grants, local school districts, and state aid finance most of these activities.
- *Business-type activities:* The Regional Office of Education #13 charges fees to help cover the costs of certain services it provides to school districts in the region.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

**REPORTING THE REGIONAL OFFICE OF EDUCATION #13 AS A WHOLE (Concluded)**

**Fund Financial Statements**

The fund financial statements provide detailed information about the Regional Office of Education #13's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #13 as a whole. Funds are accounting devices the Regional Office of Education #13 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #13 establishes other funds to control and manage money for particular purposes.

The Regional Office of Education #13 has three kinds of funds:

- Governmental funds account for most of the Regional Office of Education #13's basic services. These focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education #13's programs. Because this information does not encompass the additional long-term focus of the government-wide statements a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental statement. The Regional Office of Education #13's governmental funds include the General Fund and the Special Revenue Funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- Proprietary funds account for services for which the Regional Office of Education #13 charges fees under a cost-reimbursement method. The proprietary fund's required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.
- Fiduciary funds account for assets that belong to others over which the Regional Office of Education #13 is the trustee, or fiduciary. The Regional Office of Education #13 is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. The Regional Office of Education #13 excludes these assets from the government-wide financial statements because it cannot use these assets to finance its operations.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #13's net assets at the end of fiscal year 2005 totaled approximately \$1.67 million. This compared to approximately \$1.68 million at the end of fiscal year 2004. The analysis that follows provides a summary of the Regional Office of Education #13's net assets at June 30, 2005 for the governmental and business-type activities.

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2005

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

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	<u>2005</u>	<u>2004</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 1,517,529	\$ 1,757,462	(239,933)
Capital Assets, being depreciated, net	<u>37,912</u>	<u>52,390</u>	(14,478)
Total Assets	<u>1,555,441</u>	<u>1,809,852</u>	(254,411)
Current Liabilities	<u>210,036</u>	<u>126,512</u>	83,524
Net Assets:			
Invested in Capital Assets	37,912	52,390	(14,478)
Unrestricted	<u>1,307,493</u>	<u>1,630,950</u>	(323,457)
Total Net Assets	<u>\$ 1,345,405</u>	<u>\$ 1,683,340</u>	(337,935)

The Regional Office of Education #13's combined governmental net assets decreased by \$337,935 from FY04 and the current assets decreased by \$239,933. These decreases were primarily the result of a reclassification of two funds from governmental funds to proprietary funds. See Note 12 in the Notes to the Financial Statements for a more detailed explanation of the reclassification. The decrease in unrestricted net assets was also due to the Regional Office of Education #13 using carryover funds to meet its financial obligations during the year.

BUSINESS-TYPE ACTIVITIES

	<u>2005</u>
Current Assets	<u>\$ 327,298</u>
Total Assets	<u>327,298</u>
Net Assets:	
Unrestricted	<u>327,298</u>
Total Net Assets	<u>\$ 327,298</u>

The Regional Office of Education #13 did not have any business-type activities in FY04. A reclassification of governmental funds to proprietary funds was made in FY05. See Note 12 in the Notes to the Financial Statements for a more detailed explanation of the reclassification.

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2005

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

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	2005	2004	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 1,719,161	\$ 1,870,145	(150,984)
General revenues:			
Local sources	251,926	371,474	(119,548)
State sources	204,867	116,747	88,120
On-behalf payments	373,352	392,398	(19,046)
Interest income	27,263	16,976	10,287
Total Revenues	2,576,569	2,767,740	(191,171)
Expenses:			
Instructional Services			
Salaries and benefits	1,699,680	1,589,547	110,133
Purchased Services	411,469	437,457	(25,988)
Supplies and materials	76,965	124,049	(47,084)
Other objects	9,473	34,280	(24,807)
Depreciation expense	24,096	27,922	(3,826)
Administrative Expense:			
On-Behalf payments - State & Local	373,352	392,398	(19,046)
Total Expenses	2,595,035	2,605,653	(10,618)
Change in Net Assets	(18,466)	162,087	(180,553)
Net Assets - Beginning	1,363,871	1,521,253	(157,382)
Net Assets - Ending	\$ 1,345,405	\$ 1,683,340	(337,935)

Operating grants and contributions decreased approximately \$151,000 from fiscal year 2004 to 2005; this was the result of continued decreases in State funding. General revenue from local sources also decreased due to the reclassification of governmental funds to proprietary funds. Salaries and benefits increased from 2004 due to the accrual of July and August salaries relating to services provided by June 30, 2005.

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2005

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

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

	2005
Revenues:	
Program Revenues:	
Charges for Services	\$ 93,965
General Revenue:	
Interest income	7,523
Total Revenues	101,488
Expenses:	
Salaries and benefits	50,295
Purchased Services	16,218
Supplies and materials	21,735
Other objects	326
Total Expenses	88,574
Change in Net Assets	12,914
Net Assets - Beginning	314,384
Net Assets - Ending	\$ 327,298

Charges for services is made up of revenue from services provided to school districts in the regions. Expenses include salaries and purchases of goods and supplies to support these activities.

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

As previously noted, Regional Office of Education #13 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Regional Office of Education #13's governmental fund reported combined fund balances of \$1,307,493 compared with FY04's ending fund balances of \$1,630,950. The primary reason for the decrease in combined fund balances in FY 05 was due to reclassification of governmental funds to proprietary funds. The funds received from State revenue sources continue to decrease. An example of this is the ROE funds from the State have been reduced 50 percent in the last four years. However, no

CLINTON, MARION, AND WASHINGTON COUNTIES  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS (Continued)**

reduction in responsibilities have occurred. Other funds have also decreased or stayed constant. The constant funds do not take into account inflation, which results in a further decrease.

Analysis of the chart indicates that our decrease was due to continuing reduction of funds from the State. Costs such as insurance in all areas including health and liability continue to increase. The continued decreases in State funds require very careful and continued analysis in order for us to meet our responsibilities. The lack of funds has also contributed to our difficulty in recruiting and keeping very qualified staff. We have recently lost a staff member from our Alternative School and a highly trained technology specialist simply because they were offered more money.

**Governmental Fund Highlights**

The Regional Office of Education #13's decreasing General Fund financial position is the product of many factors, including savings in the cost of services provided to local schools. The main reason is simply a reduction in funds received from the State and federal sources while responsibilities remain the same. Increased costs to deliver services are a continuing drain on our financial resources.

The following is a summary of the Regional Office of Education #13's activities:

The Regional Office of Education #13 continues to offer technical assistance and professional development activities to teachers across the complete curriculum area. We have documentation that at least 1,100 teachers have received direct professional development to improve their basic knowledge and/or their teaching pedagogy. We operate a Pre-Kindergarten program with eleven sites throughout our three counties, serving approximately 300 at-risk students. We also have two schools for students who have experienced serious difficulties in the public schools. Our Truant Alternative School serves approximately 50 students each year and works with approximately 250 students to ameliorate their truancy problems. We operate a Safe School that serves approximately 40 students each year with an individually based educational program. The Safe School students are students who have been referred because of serious behavior problems within the sending school. We also offer a complete certification program, which assists teachers in completing certification requirements and obtaining a certificate. There are a variety of other regulatory programs that are statute based that require inspection of the schools for nearly all areas, inspection for the actual building safety. A General Education Diploma is offered through our cooperative effort with Kaskaskia College, which includes testing to meet high school equivalency. We are responsible for professional development activities to maintain certification by our school administrators through the administrator academy. In summary, we also have a variety of smaller programs that would be classified as consultative services directly to the schools.

Further, we assist parents and other patrons on a daily basis as they call for information and/or other questions or problems with their children. We offer guidance services to parents as well as serving as a liaison or arbitrator between parents and the schools. We answer questions from bus service, grade

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental Fund Highlights (Concluded)**

problems, and even sports questions. We estimate that we have approximately ten calls or personal visits from parents each day.

**Proprietary Fund Highlights**

The Regional Office of Education operates a testing service, which allows schools to receive their testing results back within approximately one week in order that they may use those results to direct their curriculum activities. The Regional Office operates a technology coop, which gives direct assistance to staff in the schools to maintain and upgrade their technology efforts. This includes a strong emphasis on utilizing technology in the classroom as a teaching tool for students.

**FIDUCIARY FUND TYPE**

Regional Office of Education #13's funds are used to account for assets held by the Regional Office of Education #13 in trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Distributive Fund is the Regional Office of Education #13's only agency fund.

Interest on Distributive Fund – The Regional Office of Education #13 has agreements with all districts in the region whereby the Regional Office of Education #13 is allowed to keep the interest for expenditures benefiting all districts.

**MEASUREMENT FOCUS**

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

In applying the susceptible to accrual concepts to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #13; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures and are usually recoverable only for failure to comply with prescribed compliance

CLINTON, MARION, AND WASHINGTON COUNTIES  
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**MEASUREMENT FOCUS (Concluded)**

requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The fund financial statements of the Proprietary Funds 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 the related cash flows.

**BUDGETARY HIGHLIGHTS**

The Regional Office of Education #13 Advisory Board approves an education plan. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office of Education #13 amended its annual operating budget several times to reflect additional revenue and expenditures associated with the additional services needed and provided to the local school districts. The Regional Office of Education #13 has a three-county budget for administrative purposes. Each county contributes financially to the Regional Office of Education #13 based upon the county's population. The total funds furnished by all three counties were approximately \$119,000. Another factor was the increase in state aid received in programs such as the Truant Alternative program and the Safe School program. This was due to more students enrolling or being sent to those programs by local districts.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Regional Office of Education #13 does not invest in land or buildings. All other equipment remains owned by the State. Items purchased costing over \$1,000 is listed on the Regional Office of Education #13's inventory. At June 30, 2005 the Regional Office of Education #13 had an investment in capital assets of \$37,912, which is the original cost of the assets less the accumulated depreciation.

During FY05 the Regional Office of Education #13 purchased computer equipment costing \$9,618 and had no disposals of equipment.

**Debt**

The Regional Office of Education #13 incurs no debt. All bills are paid by the end of the fiscal year.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

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

At the time these financial statements were prepared and audited, the Regional Office of Education #13 was aware of existing circumstances that could significantly affect its financial health in the future.

- The Regional Office of Education #13 has experienced an increase in the number of students being served by its programs in the past three years. A slight increase in enrollments is expected and included in the budget based on request from local school districts.
- The Regional Office of Education #13 provides programs and services in compliance with statutory, regulatory and mandated requirements from the Legislation and the Illinois State Board of Education despite a level of funding from the State that does not keep pace with the increasing cost of providing such programs and services. Consequently, the Regional Office of Education #13 is forced to maintain a limited professional and clerical staff while trying to provide a consistent level of support and services to schools. Additional services are provided when funding allows or when cost-recovery mechanisms can be associated with the services.
- A limited number of federal and State grant programs help support the Regional Office of Education #13's programs. Funding from these grant programs are not assured from year to year. Because of limited availability of funds to other agencies and organizations, there is increased competition for funded grant programs due in part to a reduction in the amount of grant funding available and the similar financial circumstances all entities are experiencing. The future of the Regional Office of Education #13 (and the programs and services they provide) is directly dependent on their abilities to compete for grant funding.

**ADDITIONAL INFORMATION**

The following information is furnished to further explain the Regional Office of Education #13 financial analysis and planning:

The Management's Discussion and Analysis for the year ended June 30, 2005 is a continual and ongoing review of the financial statements, accounting and reporting capital assets and internal funds. This review has the objective to accomplish several things. Namely, where have we spent our funds, the relationship of those expenditures to the budget, an analysis of our remaining funds to complete our mission, and a cross-check to balance the various funds. This analysis includes ensuring that the proper documentation, authorization, and expenditures are complete and tied directly to our budget line items.

Our management team utilizes the discussion and analysis to determine what changes may need to be made in the budget relative to our expenditures in meeting our objectives. We have determined that some objectives may have to be scaled back due to reduced funding from State and federal sources. Our analysis has revealed that State funding projections do not always meet expectations. For example, several programs have received substantial reductions at the very last minute even though projected information from the State indicated a higher level of funding.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

**ADDITIONAL INFORMATION (Concluded)**

Improved financial planning to meet objectives could occur if the State and federal sources gave more accurate projections. The maintaining and hiring of staff could be improved if more accurate funding information was available. A major part of the goals, responsibilities, and activities are determined by either legislation or direction from the Illinois State Board of Education. Funding from those sources generally does not meet the expected mandates.

Our planning and analysis based on this current year and previous years indicate that we will continue to receive less funding. We will necessarily plan accordingly and prioritize those goals and responsibilities. In summary, the Management's Discussion and Analysis is a very helpful and necessary tool to assist ROE #13 meet its responsibilities.

**CONTACTING THE REGIONAL OFFICE OF EDUCATION #13'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Regional Office of Education #13's citizens, taxpayers, customers, and creditors with a general overview of the Regional Office of Education #13's finances and to demonstrate the Regional Office of Education #13's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Office of Education #13, 200 East Schwartz Street, Salem, IL 62881.

## BASIC FINANCIAL STATEMENTS

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
STATEMENT OF NET ASSETS  
JUNE 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 1,328,487	\$ 306,627	\$ 1,635,114
Due from other governments:			
Local	57,185	20,671	77,856
State	108,009	-	108,009
Federal	23,848	-	23,848
Total Current Assets	1,517,529	327,298	1,844,827
Noncurrent Assets			
Capital assets, being depreciated, net	37,912	-	37,912
TOTAL ASSETS	1,555,441	327,298	1,882,739
 <b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	118,807	-	118,807
Due to other governments:			
State	7,800	-	7,800
Federal	54,137	-	54,137
Deferred revenue	29,292	-	29,292
TOTAL LIABILITIES	210,036	-	210,036
 <b>NET ASSETS</b>			
Invested in capital assets	37,912	-	37,912
Unrestricted	1,307,493	327,298	1,634,791
TOTAL NET ASSETS	\$ 1,345,405	\$ 327,298	\$ 1,672,703

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Current:						
Instructional services:						
Salaries and benefits	\$ 1,699,680	\$ -	\$ 1,406,832	\$ (292,848)	\$ -	\$ (292,848)
Purchased services	411,469	-	253,659	(157,810)	-	(157,810)
Supplies and materials	76,965	-	49,050	(27,915)	-	(27,915)
Capital outlay	-	-	9,618	9,618	-	9,618
Other objects	9,473	-	2	(9,471)	-	(9,471)
Depreciation	24,096	-	-	(24,096)	-	(24,096)
Administrative:						
On-behalf payments - Local	118,968	-	-	(118,968)	-	(118,968)
On-behalf payments - State	254,384	-	-	(254,384)	-	(254,384)
Total governmental activities	<u>2,595,035</u>	<u>-</u>	<u>1,719,161</u>	<u>(875,874)</u>	<u>-</u>	<u>(875,874)</u>
Business-type activities:						
Operating	88,574	93,965	-	-	5,391	5,391
Total business-type activities	<u>88,574</u>	<u>93,965</u>	<u>-</u>	<u>-</u>	<u>5,391</u>	<u>5,391</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 2,683,609</u>	<u>\$ 93,965</u>	<u>\$ 1,719,161</u>	<u>(875,874)</u>	<u>5,391</u>	<u>(870,483)</u>
<b>GENERAL REVENUES</b>						
Local sources				251,926	-	251,926
State sources				204,867	-	204,867
On-behalf payments - State				254,384	-	254,384
On-behalf payments - Local				118,968	-	118,968
Interest income				27,263	7,523	34,786
Total general revenues				<u>857,408</u>	<u>7,523</u>	<u>864,931</u>
CHANGE IN NET ASSETS				(18,466)	12,914	(5,552)
NET ASSETS - BEGINNING				1,363,871	314,384	1,678,255
NET ASSETS - ENDING				<u>\$ 1,345,405</u>	<u>\$ 327,298</u>	<u>\$ 1,672,703</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 19,724	\$ 1,162,340	\$ 146,423	\$ -	\$ 1,328,487
Due from other funds	-	13,345	-	(13,345)	-
Due from other governments:					
Local	52,085	5,100	-	-	57,185
State	-	108,009	-	-	108,009
Federal	-	23,848	-	-	23,848
<b>TOTAL ASSETS</b>	<b>\$ 71,809</b>	<b>\$ 1,312,642</b>	<b>\$ 146,423</b>	<b>\$ (13,345)</b>	<b>\$ 1,517,529</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,515	\$ 117,292	\$ -	\$ -	\$ 118,807
Due to other funds	-	13,345	-	(13,345)	-
Due to other governments:					
State	-	7,800	-	-	7,800
Federal	-	54,137	-	-	54,137
Deferred revenue	-	29,292	-	-	29,292
<b>Total Liabilities</b>	<b>1,515</b>	<b>221,866</b>	<b>-</b>	<b>(13,345)</b>	<b>210,036</b>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General Fund	70,294	-	-	-	70,294
Special Revenue Fund	-	1,090,776	146,423	-	1,237,199
<b>Total Fund Balances</b>	<b>70,294</b>	<b>1,090,776</b>	<b>146,423</b>	<b>-</b>	<b>1,307,493</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 71,809</b>	<b>\$ 1,312,642</b>	<b>\$ 146,423</b>	<b>\$ (13,345)</b>	<b>\$ 1,517,529</b>

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 1,307,493

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

Capital assets used in governmental activities are not  
financial resources and therefore, are not reported in the funds. 37,912

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,345,405

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>REVENUE</b>					
Local sources	\$ 34,800	\$ 189,000	\$ 28,126	\$ -	\$ 251,926
Local sources - payments made on behalf of region	118,968	-	-	-	118,968
State sources	68,740	1,133,204	3,720	-	1,205,664
State sources - payments made on behalf of region	254,384	-	-	-	254,384
Federal sources	-	718,364	-	-	718,364
Total Revenues	<u>476,892</u>	<u>2,040,568</u>	<u>31,846</u>	<u>-</u>	<u>2,549,306</u>
<b>EXPENDITURES</b>					
Current:					
Salaries and benefits	75,300	1,624,380	-	-	1,699,680
Purchased services	45,387	343,546	22,536	-	411,469
Supplies and materials	9,502	64,411	3,052	-	76,965
Capital outlay	-	9,618	-	-	9,618
Other objects	9,471	2	-	-	9,473
On-behalf payments	373,352	-	-	-	373,352
Total Expenditures	<u>513,012</u>	<u>2,041,957</u>	<u>25,588</u>	<u>-</u>	<u>2,580,557</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(36,120)</u>	<u>(1,389)</u>	<u>6,258</u>	<u>-</u>	<u>(31,251)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	1,554	-	(1,554)	-
Transfer out	-	(1,554)	-	1,554	-
Interest	934	23,102	3,227	-	27,263
Total Other Financing Sources and Uses	<u>934</u>	<u>23,102</u>	<u>3,227</u>	<u>-</u>	<u>27,263</u>
<b>NET CHANGE IN FUND BALANCES</b>	(35,186)	21,713	9,485	-	(3,988)
<b>FUND BALANCES - BEGINNING</b>	<u>105,480</u>	<u>1,069,063</u>	<u>136,938</u>	<u>-</u>	<u>1,311,481</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 70,294</u>	<u>\$ 1,090,776</u>	<u>\$ 146,423</u>	<u>\$ -</u>	<u>\$ 1,307,493</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 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 — GOVERNMENTAL FUNDS \$ (3,988)

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	\$ 9,618	
Depreciation expense	<u>(24,096)</u>	<u>(14,478)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (18,466)

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2005

	Business-Type Activities - Enterprise Funds		
	Technology / Testing Cooperative	Other Enterprise Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 263,544	\$ 43,083	\$ 306,627
Due from local governments	20,671	-	20,671
TOTAL ASSETS	284,215	43,083	327,298
<b>NET ASSETS</b>			
Unrestricted	284,215	43,083	327,298
TOTAL NET ASSETS	\$ 284,215	\$ 43,083	\$ 327,298

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Business-Type Activities - Enterprise Funds		Total
	Technology / Testing Cooperative	Other Enterprise Funds	
<b>OPERATING REVENUES</b>			
Local sources	\$ 90,064	\$ 3,901	\$ 93,965
Total operating revenues	<u>90,064</u>	<u>3,901</u>	<u>93,965</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	50,295	-	50,295
Purchased services	16,218	-	16,218
Supplies and materials	21,728	7	21,735
Other objects	-	326	326
Total operating expenses	<u>88,241</u>	<u>333</u>	<u>88,574</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,823</u>	<u>3,568</u>	<u>5,391</u>
<b>NONOPERATING REVENUES</b>			
Interest	6,519	1,004	7,523
Total nonoperating revenues	<u>6,519</u>	<u>1,004</u>	<u>7,523</u>
<b>CHANGE IN NET ASSETS</b>	8,342	4,572	12,914
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>275,873</u>	<u>38,511</u>	<u>314,384</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 284,215</u>	<u>\$ 43,083</u>	<u>\$ 327,298</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Business-Type Activities - Enterprise Funds		
	Technology / Testing Cooperative	Other Enterprise Fund	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 105,147	\$ 3,901	\$ 109,048
Payments to suppliers and providers of goods and services	(46,873)	(333)	(47,206)
Payments to employees	(50,295)	-	(50,295)
Net cash provided by (used for) operating activities	<u>7,979</u>	<u>3,568</u>	<u>11,547</u>
Cash flows from investing activities:			
Interest	<u>6,519</u>	<u>1,004</u>	<u>7,523</u>
Net cash provided by (used for) investing activities	<u>6,519</u>	<u>1,004</u>	<u>7,523</u>
Net increase (decrease) in cash and cash equivalents	14,498	4,572	19,070
Cash - beginning	<u>249,046</u>	<u>38,511</u>	<u>287,557</u>
Cash - ending	<u>\$ 263,544</u>	<u>\$ 43,083</u>	<u>\$ 306,627</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 1,823	\$ 3,568	\$ 5,391
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Change in assets and liabilities:			
Decrease in Due from Other Governments	15,083	-	15,083
Increase (Decrease) in Accounts Payable	<u>(8,927)</u>	<u>-</u>	<u>(8,927)</u>
Net cash provided by (used for) operating activities	<u>\$ 7,979</u>	<u>\$ 3,568</u>	<u>\$ 11,547</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 JUNE 30, 2005

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 409,471
Due from other governments	<u>381,314</u>
Total Assets	<u><u>\$ 790,785</u></u>
 <b>LIABILITIES</b>	
Due to other governments	<u>\$ 790,785</u>
Total Liabilities	<u><u>\$ 790,785</u></u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #13 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2005, the Regional Office of Education #13 implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, an Amendment of GASB Statement No. 34, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, and GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an Amendment of GASB Statement No. 34 which changes note disclosure requirements for governmental entities.

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

A. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the regional superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #13's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

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

For the period ended June 30, 2005, the Regional Office of Education #13 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #13. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #13 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #13 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #13 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #13 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #13 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #13 being considered a component unit of the entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #13's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #13 has two business-type activities that rely on fees and charges for support.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Regional Office of Education #13's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Regional Office of Education #13 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #13's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

GOVERNMENTAL FUNDS (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #13; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

G. FUND ACCOUNTING

The Regional Office of Education #13 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #13 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #13 has presented all major funds that meet the above qualifications.

The Regional Office of Education #13 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of Regional Office of Education #13. It is used to account for the expenditures, which benefit all school districts in the region except those required to be accounted for in other funds. General Funds include the following:

ROE/ISC Operations – This fund accounts for the grant that provides the funding for the Regional Office of Education.

School Development and Improvement – This fund accounts for miscellaneous workshops and/or in-service training to local educators on numerous educational activities.

Special Projects – This fund accounts for miscellaneous expenses and programs that benefit the school districts and/or regional office.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

Education fund - This fund is used to account for various grant and education enhancement programs as follows:

Administrator's Academy – This program provides required training and continuing education of administrators.

Truant Alternative/Optional Education – This is a State-approved program leading to a high school diploma for students with truancy problems.

Title IV Safe & Drug Free School – This program provides a counselor to implement educational and prevention strategies.

Summer Bridges – This program provides summer classes to assist students needing additional help to enable them to move with their classmates to the next grade.

Even Start/Early Childhood Block Grant – This program provides early assistance to children and parents to enhance the child's physical, social and cognitive skills, and assist those identified as being at risk of academic failure.

Title I Reading First Part B SEA Funds – This program provides consultant training and reading workshops for local teachers.

Title II Teacher Quality – This program provides teacher workshops.

Regular Education Initiative – This program provides in-service training for teachers.

Substance Abuse – This program helps stop substance and violence in the school districts.

Regional Safe Schools – These are alternative programs for disruptive youths in grades 6-12. Students eligible for this program must have been suspended or expelled by a local school district.

Standards Aligned Classroom – This program provides standards aligned classroom initiatives, coaching and support teams.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Conference – This program provides for events such as Talent Search and Olympiad programs.

Staff Development – This program offers technology assistance and training to teachers and, on a fee basis, NOVELL Certified classes for school district technology personnel.

Child and Family Connections – This program is funded by the Department of Human Services to help families with children between birth and age three obtain evaluations and assessments. Individualized plans are developed to help a child learn, grow, and receive needed services.

Kaskaskia Area Partnership Workforce Preparation - This U. S. Department of Labor program provides for better communications between the world of work and the world of education and to prepare students for careers in business and industry.

Internal Review – This program assists schools in the development of a comprehensive plan of action for internal review under the quality assurance process to improve student achievement and meet the Illinois academic standards.

Title IV Community Service – This grant funds a project that has students working together as a team to meet a community need.

Mathematics and Science Partnerships – This program assists teachers in upgrading math/science techniques that will be implemented in the classroom.

Education to Careers – This program provides students of all grade levels exposure to the work world through field trips, job shadowing, speakers, resource materials and technology.

Regional System of Support Provider – This program provides for assistance with School Improvement Plans, alignment of curriculum/ standards/ instructional practice/ assessments, teacher/ administrator enhancement, and student, family and community support services.

Alternative Education Project – This fund accounts for Alternative School general State aid funding.

Safe School Tuition – This program accounts for tuition payments from local districts sending students to the Safe School in Centralia.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

Safe Schools Projects – This program accounts for State aid and miscellaneous income and expenses relative to the Safe School in Centralia.

Family Science Nights – This program makes career related programs available to students and parents and offers hands-on activities through the St. Louis Science Center.

The Regional Office of Education #13 reports the following nonmajor governmental funds:

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

Institute – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses for meetings of a professional nature.

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

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

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

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to an organization inside the Regional Office of Education #13 on a cost reimbursement basis are reported.

The Regional Office of Education #13 reports the following major proprietary fund:

Film Cooperative – This program is a Marion County schools cooperative that purchases and loans film and video materials for instructional use.

The Regional Office of Education #13 reports the following nonmajor proprietary fund:

Technology/Testing Cooperative – This program is a local district cooperative that provide services for scoring and reporting of student achievement testing.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUND

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #13 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Distributive Fund is the Regional Office of Education #13's only agency fund.

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

Interest on Distributive Fund – The Regional Office of Education #13 has agreements with all districts in the region whereby the Regional Office of Education #13 is allowed to keep the interest for expenditures benefiting all districts.

H. NET ASSETS

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

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

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

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

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. Regional Office of Education #13 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. INVENTORY

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

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

L. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore; no liability is accrued.

M. ESTIMATES

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

N. BUDGET INFORMATION

The Regional Office of Education #13 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however none of the annual budgets have been legally adopted nor are they required to do so. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget information has been provided in supplementary schedules for the following funds: ROE/ISC Operations, Truant Alternative/ Optional Education, Title IV Safe & Drug Free School, Even Start/Early Childhood Block Grant, Title I Reading First Part B SEA Funds, Regional Safe Schools, Child and Family Connections, and Safe School Projects.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #13 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2005, the carrying amount of the Regional Office of Education #13's government-wide and Agency Fund deposits were \$1,635,114 and \$409,471, respectively, and the bank balance was \$1,769,559 and \$1,270,735, respectively. Of the total bank balances as of June 30, 2005, \$114,699 was secured by federal depository insurance and \$1,669,559 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #13's name.

B. INVESTMENTS

The Regional Office of Education #13 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2005, the Regional Office of Education #13 had investments with carrying and fair value of \$1,270,735 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2005, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 3 - DEFINED BENEFIT PENSION PLAN

The Regional Office of Education #13's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Regional Office of Education #13 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 11.89 percent of payroll. The Regional Office of Education #13's contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004, was 2 years.

For December 31, 2004, the Regional Office of Education #13's annual pension cost of \$88,445 was equal to the Regional Office of Education #13'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) 7.50% 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 1999-2001 experience study.

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2005

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

A. TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/04	88,445	100%	\$0
12/31/03	81,962	100%	0
12/31/02	71,238	100%	0
12/31/01	71,087	100%	0
12/31/00	66,653	100%	0
12/31/99	49,354	100%	0
12/31/98	46,475	100%	0
12/31/97	29,975	100%	0
12/31/96	31,316	100%	0
12/31/95	10,633	100%	0

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

The Regional Office of Education #13 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 non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2005 was 9 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of the retirement plan. The member THIS Fund contribution was 0.5 percent during the year ended June 30, 2005, and the member THIS Fund health insurance contribution was 0.75 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #13 TRS-covered employees.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS, (Continued)

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #13. 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 #13 recognized revenue and expenditures of \$75,070 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 (\$92,045) and 13.01 percent (\$87,066), respectively.

The Regional Office of Education #13 makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** For the year 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 \$3,703 and \$3,819, 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. For the year ended June 30, 2003, employers contributed 0.18 percent of earnings. Contributions for the year ended June 30, 2003 were \$1,205.
- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education #13, there is a statutory requirement for the Regional Office of Education #13 to pay an employer pension contribution from those funds. For the three years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2005, salaries totaling \$81,144 were paid from federal and trust funds that required employer contributions of \$8,520. For the years ended June 30, 2004, and June 30 2003, required Regional Office of Education #13 contributions were \$8,566 and \$2,505, respectively.
- **Early Retirement Option.** The Regional Office of Education #13 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the years ended June 30, 2005, June 30, 2004 and June 30, 2003, the Regional Office of Education #13 paid no employer contributions under the Early Retirement Option.

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS, (Continued)

Changes

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

- **Active member contributions.** The active member contribution rate will increase from the current 9.0 percent of creditable earnings to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.
- **State/federal contributions.** Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the state. Under Public Act 94-0004, the state contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.50 percent.
- **New employer contributions.**
  - **Salary increases over 6 percent.** If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.
  - **Sick leave in excess of normal allotment.** If employers grant sick leave near retirement in excess of the normal allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.
- **Early Retirement Option.** In addition to the changes described above, the following changes were made to ERO:
  - Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.
  - The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.
  - A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007.
  - Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS, (Concluded)

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 year ended June 30, 2004. The report for the year ended June 30, 2005, is expected to be available in late 2005. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

NOTE 5 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2005 consist of the following individual due to/from other funds in the governmental fund balance sheet. These balances were eliminated in the government-wide Statement of Net Assets.

<u>From</u>	<u>To</u>	<u>Amount</u>
<u>Education Fund</u> Alternative Education Project	<u>Education Fund</u> Regional System of Support Provider	\$ 13,345

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2005 consist of the following individual transfers in/out to other funds in the governmental fund balance sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Education Fund:	Education Fund:	
Regional Safe Schools	Alternative Education Project	\$ 1,477
Title IV Community Service	Safe School Project	<u>    77</u>
Total Transfers In/Out		<u>\$ 1,554</u>

NOTE 6 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #13 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental activities statements. Purchases of business-type capital assets are capitalized when purchased. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2005 of \$24,096 and \$-0- was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - CAPITAL ASSETS ACTIVITY, (Continued)

of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2005:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
Governmental Activities:				
<u>General Fund</u>				
ROE Operations	\$ 51,294	\$ -	\$ -	\$ 51,294
School Development and Improvement	82,776	2,132	-	84,908
Special Projects	6,200	-	-	6,200
<u>Education Fund</u>				
Truants Alternative/Optional Education	33,846	1,456	-	35,302
Even Start/Early Childhood Block Grant	19,448	-	-	19,448
Title I - Reading First Part B SEA Funds	5,608	-	-	5,608
Title II - Teacher Quality	2,712	-	-	2,712
Regional Safe Schools	18,885	1,356	-	20,241
Child and Family Connections	57,666	-	-	57,666
Alternative Education Project	-	2,988	-	2,988
Safe School Tuition	3,024	1,686	-	4,710
Safe School Projects	28,082	-	-	28,082
Scientific Literacy	3,917	-	-	3,917
<u>Nonmajor Fund</u>				
Institute	6,000	-	-	6,000
General Education Development	873	-	-	873
Governmental Funds Total Assets	320,331	9,618	-	329,949
Less: Accumulated Depreciation	267,941	24,096	-	292,037
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 52,390</u>	<u>\$ (14,478)</u>	<u>\$ -</u>	<u>\$ 37,912</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - CAPITAL ASSETS ACTIVITY, (Concluded)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
Business-type Activities:				
Testing Cooperative	\$ 2,675	\$ -	\$ -	\$ 2,675
Business-type Activities				
Total Capital Assets	2,675	-	-	2,675
Less: Accumulated Depreciation	<u>2,675</u>	<u>-</u>	<u>-</u>	<u>2,675</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - RISK MANAGEMENT

The Regional Office of Education #13 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #13 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – ON BEHALF PAYMENTS

Clinton, Marion and Washington Counties provide the Regional Office of Education #13 with staff and pay certain expenditures on behalf of the Regional Office of Education #13. The expenditures paid on the Regional Office of Education #13's behalf for the year ended June 30, 2005, were as follows:

Salaries and benefits	\$ 96,293
Purchased services	18,119
Supplies and materials	<u>4,556</u>
Total	<u>\$118,968</u>

These amounts have been recorded in the accompanying financial statements as local revenue and expenditures.

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2005

NOTE 8 – ON BEHALF PAYMENTS (Concluded)

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #13:

Regional Superintendent Salary	\$ 84,737
Regional Superintendent Fringe Benefit (Includes State paid insurance)	9,987
Assistant Regional Superintendent Salary	76,263
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	8,327
TRS Pension contribution	<u>75,070</u>
 Total	 <u>\$254,384</u>

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

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

NOTE 9 - DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #13's Agency Fund, General Fund and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments:

Fiduciary Fund

Illinois State Board of Education \$381,314

General Fund

Local Governments 52,085

Proprietary Fund

Local Governments 20,671

Education Fund

Local Governments 5,100

Illinois State Board of Education 108,009

Federal Government 23,848

Total \$591,027

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2005

NOTE 9 - DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due To Other Governments:

<u>Fiduciary Fund</u>	
Local School Districts	\$790,785
<u>Education Fund</u>	
Illinois State Board of Education	7,800
Federal Government	<u>54,137</u>
Total	<u>\$852,722</u>

NOTE 10 - GENERAL STATE AID

General State Aid revenue has been reported as revenues in the following Education Fund accounts as follows:

From State Sources:	
Alternative Education Project	\$ 113,775
Safe School Project	86,788
From Federal Sources:	
Safe School Project	<u>17,357</u>
Total General State Aid	<u>\$ 217,920</u>

NOTE 11 - OPERATING LEASE

The Regional Office of Education #13 has entered into several annual operating lease agreements for the Alternative School, Safe School, Child and Family Connections program, and the Kaskaskia Area Partnership Workforce Preparation program within the Education Fund. Total rent expense for the year ended June 30, 2005 is \$30,670.

NOTE 12 - RECLASSIFICATION

Substance Abuse-Violence Prevention program ended June 30, 2003. The remaining grant funding and any interest earned subsequent to the grant period end date should have been recorded as a Due to Other Government instead of fund balance.

In addition, the Regional Office of Education #13 operates two programs, Technology/Testing Cooperative and Film Cooperative, which provide services to the districts in their region for fees and charges. These programs have been reported as part of the education fund; however, they should be reported as proprietary funds. The following is the effect of these reclassifications on the beginning Education Fund's fund balance and the Governmental and Business-type Activities' beginning Net Assets:

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 12 – RECLASSIFICATION (Concluded)

Education Fund

Fund Balance – July 1, 2004	\$ 1,388,532
Effect of Reclassification	(5,085)
Effect of Reclassification	<u>(314,384)</u>
Fund Balance, Restated – July 1, 2004	<u>\$ 1,069,063</u>

Government-Wide - Statement of Actitives

	Governmental Activities	Business-type Activities
Governmental Activities, Net Assets - July 1, 2004	\$ 1,683,340	\$ -
Effect of Reclassification - Substance Abuse-Violence Prevention	(5,085)	-
Effect of Reclassification - Proprietary Funds	<u>(314,384)</u>	<u>314,384</u>
Governmental Activities, Net Assets, Restated - July 1, 2004	<u>\$ 1,363,871</u>	<u>\$ 314,384</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2005

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
12/31/04	872,917	1,026,697	153,780	85.02%	743,861	20.67%
12/31/03	763,591	912,023	148,432	83.72%	736,403	20.16%
12/31/02	782,955	849,216	66,261	92.20%	752,245	8.81%
12/31/01	689,235	749,920	60,685	91.91%	696,931	8.71%
12/31/00	528,496	558,804	30,308	94.58%	545,446	5.56%
12/31/99	399,069	458,903	59,834	86.96%	456,138	13.12%
12/31/98	292,955	394,174	101,219	74.32%	413,112	24.50%
12/31/97	219,958	278,945	58,987	78.85%	283,832	20.78%
12/31/96	162,706	213,496	50,790	76.21%	259,451	19.58%
12/31/95	56,376	155,696	99,320	36.21%	85,133	116.66%

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$874,720.

On a market basis, the funded ratio would be 85.20%

**\* 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.

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2005

	ROE/ISC Operations	School Development and Improvement	Special Projects	TOTALS
<b>ASSETS</b>				
Cash	\$ 2,120	\$ 867	\$ 16,737	\$ 19,724
Due from local governments	-	-	52,085	52,085
<b>TOTAL ASSETS</b>	<u>\$ 2,120</u>	<u>\$ 867</u>	<u>\$ 68,822</u>	<u>\$ 71,809</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,515	\$ -	\$ -	\$ 1,515
Total Liabilities	<u>1,515</u>	<u>-</u>	<u>-</u>	<u>1,515</u>
<b>FUND BALANCES</b>				
Unreserved	605	867	68,822	70,294
Total Fund Balances	<u>605</u>	<u>867</u>	<u>68,822</u>	<u>70,294</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,120</u>	<u>\$ 867</u>	<u>\$ 68,822</u>	<u>\$ 71,809</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005

	ROE/ISC Operations	School Development and Improvement	Special Projects	TOTALS
<b>REVENUES</b>				
Local sources	\$ 70	\$ -	\$ 34,730	\$ 34,800
Local sources - payments made on behalf of region	-	-	118,968	118,968
State sources	68,740	-	-	68,740
State sources - payments made on behalf of region	-	-	254,384	254,384
Total Revenues	<u>68,810</u>	<u>-</u>	<u>408,082</u>	<u>476,892</u>
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	64,986	-	10,314	75,300
Purchased services	3,022	2,000	40,365	45,387
Supplies and materials	732	-	8,770	9,502
Other objects	-	-	9,471	9,471
On-behalf payments	-	-	373,352	373,352
Total Expenditures	<u>68,740</u>	<u>2,000</u>	<u>442,272</u>	<u>513,012</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>70</u>	<u>(2,000)</u>	<u>(34,190)</u>	<u>(36,120)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest	25	12	897	934
Total other financing sources (uses)	<u>25</u>	<u>12</u>	<u>897</u>	<u>934</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	95	(1,988)	(33,293)	(35,186)
<b>FUND BALANCES - BEGINNING</b>				
	<u>510</u>	<u>2,855</u>	<u>102,115</u>	<u>105,480</u>
<b>FUND BALANCES - ENDING</b>				
	<u>\$ 605</u>	<u>\$ 867</u>	<u>\$ 68,822</u>	<u>\$ 70,294</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
GENERAL FUND ACCOUNTS  
ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
Local sources	\$ -	\$ -	\$ 70
State sources	68,740	68,740	68,740
Total Revenues	<u>68,740</u>	<u>68,740</u>	<u>68,810</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	59,471	59,471	64,986
Purchased services	6,900	6,900	3,022
Supplies and materials	2,100	2,100	732
Capital outlay	269	269	-
Total Expenditures	<u>68,740</u>	<u>68,740</u>	<u>68,740</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>70</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interest	-	-	25
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>25</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	<u>-</u>	<u>-</u>	<u>95</u>
<b>FUND BALANCES - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>510</u>
<b>FUND BALANCES - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 605</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	Administrator's Academy	Truant Alternative/Optional Education	Title IV Safe & Drug Free School	Summer Bridges	Even Start/ Early Childhood Block Grant	Title I Reading First Part B SEA Funds
<b>ASSETS</b>						
Cash	\$ 8,859	\$ 85,132	\$ 6,390	\$ 21	\$ 9,339	\$ 32,530
Due from other funds	-	-	-	-	-	-
Due from other governments:						
Local	-	-	-	-	-	-
State	-	193	-	-	97,060	-
Federal	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8,859</b>	<b>\$ 85,325</b>	<b>\$ 6,390</b>	<b>\$ 21</b>	<b>\$ 106,399</b>	<b>\$ 32,530</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 11,064	\$ -	\$ -	\$ 66,743	\$ 220
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	21	-	15,272
Deferred revenue	-	-	-	-	-	17,038
<b>Total Liabilities</b>	<b>-</b>	<b>11,064</b>	<b>-</b>	<b>21</b>	<b>66,743</b>	<b>32,530</b>
<b>FUND BALANCES</b>						
Unreserved	8,859	74,261	6,390	-	39,656	-
<b>Total Fund Balances</b>	<b>8,859</b>	<b>74,261</b>	<b>6,390</b>	<b>-</b>	<b>39,656</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,859</b>	<b>\$ 85,325</b>	<b>\$ 6,390</b>	<b>\$ 21</b>	<b>\$ 106,399</b>	<b>\$ 32,530</b>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	Title II Teacher Quality	Regular Education Initiative	Substance Abuse	Regional Safe Schools	Standards Aligned Classroom	Conference	Staff Development
<b>ASSETS</b>							
Cash	\$ 107,432	\$ 1,054	\$ 5,100	\$ 4,245	\$ 7,702	\$ 2,083	\$ 15,707
Due from other funds	-	-	-	-	-	-	-
Due from other governments:							
Local	-	-	-	-	-	-	-
State	-	-	-	9,156	-	-	1,600
Federal	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 107,432</u>	<u>\$ 1,054</u>	<u>\$ 5,100</u>	<u>\$ 13,401</u>	<u>\$ 7,702</u>	<u>\$ 2,083</u>	<u>\$ 17,307</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 13,401	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to other governments	-	1,054	5,100	-	-	-	-
Deferred revenue	-	-	-	-	7,702	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>1,054</u>	<u>5,100</u>	<u>13,401</u>	<u>7,702</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Unreserved	107,432	-	-	-	-	2,083	17,307
<b>Total Fund Balances</b>	<u>107,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,083</u>	<u>17,307</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 107,432</u>	<u>\$ 1,054</u>	<u>\$ 5,100</u>	<u>\$ 13,401</u>	<u>\$ 7,702</u>	<u>\$ 2,083</u>	<u>\$ 17,307</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	Child & Family Connections	Kaskaskia Area Partnership Workforce Preparation	Internal Review	Title IV Community Service	Mathematics and Science Partnerships	Education to Careers
<b>ASSETS</b>						
Cash	\$ 57,272	\$ 847	\$ 1,625	\$ -	\$ 3,705	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments:						
Local	-	-	-	-	-	-
State	-	-	-	-	-	-
Federal	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 57,272</u>	<u>\$ 847</u>	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ 3,705</u>	<u>\$ -</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 18,407	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Due to other governments	38,865	-	1,625	-	-	-
Deferred revenue	-	847	-	-	3,705	-
<b>Total Liabilities</b>	<u>57,272</u>	<u>847</u>	<u>1,625</u>	<u>-</u>	<u>3,705</u>	<u>-</u>
<b>FUND BALANCES</b>						
Unreserved	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 57,272</u>	<u>\$ 847</u>	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ 3,705</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	Regional System of Support Provider	Alternative Education Project	Safe School Tuition	Safe School Projects	Family Science Nights	Total
<b>ASSETS</b>						
Cash	\$ -	\$ 509,053	\$ 94,517	\$ 209,727	\$ -	\$ 1,162,340
Due from other funds	-	13,345	-	-	-	13,345
Due from other governments:						
Local	-	-	5,100	-	-	5,100
State	-	-	-	-	-	108,009
Federal	20,802	-	-	3,046	-	23,848
<b>TOTAL ASSETS</b>	<b>\$ 20,802</b>	<b>\$ 522,398</b>	<b>\$ 99,617</b>	<b>\$ 212,773</b>	<b>\$ -</b>	<b>\$ 1,312,642</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 7,457	\$ -	\$ -	\$ -	\$ -	\$ 117,292
Due to other funds	13,345	-	-	-	-	13,345
Due to other governments	-	-	-	-	-	61,937
Deferred revenue	-	-	-	-	-	29,292
<b>Total Liabilities</b>	<b>20,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,866</b>
<b>FUND BALANCES</b>						
Unreserved	-	522,398	99,617	212,773	-	1,090,776
<b>Total Fund Balances</b>	<b>-</b>	<b>522,398</b>	<b>99,617</b>	<b>212,773</b>	<b>-</b>	<b>1,090,776</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,802</b>	<b>\$ 522,398</b>	<b>\$ 99,617</b>	<b>\$ 212,773</b>	<b>\$ -</b>	<b>\$ 1,312,642</b>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005

	Administrator's Academy	Truant Alternative/Optional Education	Title IV Safe & Drug Free School	Summer Bridges	Even Start/ Early Childhood Block Grant	Title I Reading First Part B SEA Funds
<b>REVENUES</b>						
Local sources	\$ 3,575	\$ 1,433	\$ 9,184	\$ -	\$ -	\$ -
State sources	-	164,817	-	-	568,601	-
Federal sources	-	13,677	19,908	-	12,000	21,262
Total Revenue	<u>3,575</u>	<u>179,927</u>	<u>29,092</u>	<u>-</u>	<u>580,601</u>	<u>21,262</u>
<b>EXPENDITURES</b>						
Current:						
Salaries and benefits	-	139,100	23,228	-	523,587	5,004
Purchased services	5,397	25,869	1,457	-	44,866	15,218
Supplies and materials	-	6,271	-	-	16,396	1,040
Capital outlay	-	1,456	-	-	-	-
Other objects	-	-	-	-	-	-
Total Expenditures	<u>5,397</u>	<u>172,696</u>	<u>24,685</u>	<u>-</u>	<u>584,849</u>	<u>21,262</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,822)</u>	<u>7,231</u>	<u>4,407</u>	<u>-</u>	<u>(4,248)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Interest	238	1,520	-	-	1,543	-
Total Other Financing Sources (Uses)	<u>238</u>	<u>1,520</u>	<u>-</u>	<u>-</u>	<u>1,543</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,584)</u>	<u>8,751</u>	<u>4,407</u>	<u>-</u>	<u>(2,705)</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING</b>	<u>10,443</u>	<u>65,510</u>	<u>1,983</u>	<u>-</u>	<u>42,361</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 8,859</u>	<u>\$ 74,261</u>	<u>\$ 6,390</u>	<u>\$ -</u>	<u>\$ 39,656</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Title II Teacher Quality	Regular Education Initiative	Substance Abuse	Regional Safe Schools	Standards Aligned Classroom	Conference	Staff Development
REVENUES							
Local sources	\$ 40,026	\$ -	\$ -	\$ 714	\$ -	\$ 7,700	\$ 10,372
State sources	-	-	-	138,260	-	-	48,671
Federal sources	-	-	-	29,607	17,609	-	-
Total Revenue	<u>40,026</u>	<u>-</u>	<u>-</u>	<u>168,581</u>	<u>17,609</u>	<u>7,700</u>	<u>59,043</u>
EXPENDITURES							
Current:							
Salaries and benefits	1,015	-	-	145,807	9,541	144	43,051
Purchased services	36,698	-	-	23,450	3,178	8,466	22,977
Supplies and materials	3,298	-	-	4,223	4,890	-	7,222
Capital outlay	-	-	-	1,356	-	-	2,132
Other objects	-	-	-	-	-	-	-
Total Expenditures	<u>41,011</u>	<u>-</u>	<u>-</u>	<u>174,836</u>	<u>17,609</u>	<u>8,610</u>	<u>75,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(985)</u>	<u>-</u>	<u>-</u>	<u>(6,255)</u>	<u>-</u>	<u>(910)</u>	<u>(16,339)</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	1,477	-	-	-
Transfer out	-	-	-	-	-	-	-
Interest	-	-	-	118	-	115	197
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,595</u>	<u>-</u>	<u>115</u>	<u>197</u>
NET CHANGE IN FUND BALANCES	<u>(985)</u>	<u>-</u>	<u>-</u>	<u>(4,660)</u>	<u>-</u>	<u>(795)</u>	<u>(16,142)</u>
FUND BALANCES - BEGINNING	<u>108,417</u>	<u>-</u>	<u>-</u>	<u>4,660</u>	<u>-</u>	<u>2,878</u>	<u>33,449</u>
FUND BALANCES - ENDING	<u>\$ 107,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,083</u>	<u>\$ 17,307</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005

	Child & Family Connections	Kaskaskia Area Partnership Workforce Preparation	Internal Review	Title IV Community Service	Mathematics and Science Partnerships	Education to Careers
<b>REVENUES</b>						
Local sources	\$ 137	\$ -	\$ -	\$ -	\$ -	\$ 1,609
State sources	-	-	-	-	-	-
Federal sources	522,556	4,870	-	4,602	2,943	-
Total Revenue	<u>522,693</u>	<u>4,870</u>	<u>-</u>	<u>4,602</u>	<u>2,943</u>	<u>1,609</u>
<b>EXPENDITURES</b>						
Current:						
Salaries and benefits	414,771	3,081	-	2,267	2,415	-
Purchased services	101,814	1,787	-	363	528	1,095
Supplies and materials	6,108	-	-	2,049	-	514
Capital outlay	-	-	-	-	-	-
Other objects	-	2	-	-	-	-
Total Expenditures	<u>522,693</u>	<u>4,870</u>	<u>-</u>	<u>4,679</u>	<u>2,943</u>	<u>1,609</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	-	-	-	(77)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	-	-	-	77	-	-
Transfer out	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>						
	-	-	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>						
	-	-	-	-	-	-
<b>FUND BALANCES - ENDING</b>						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005

	Regional System of Support Provider	Alternative Education Project	Safe School Tuition	Safe School Projects	Family Science Nights	TOTAL
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ 104,350	\$ -	\$ 9,900	\$ 189,000
State sources	12,292	113,775	-	86,788	-	1,133,204
Federal sources	39,789	-	-	29,541	-	718,364
Total Revenue	<u>52,081</u>	<u>113,775</u>	<u>104,350</u>	<u>116,329</u>	<u>9,900</u>	<u>2,040,568</u>
<b>EXPENDITURES</b>						
Current:						
Salaries and benefits	38,261	109,952	42,173	120,983	-	1,624,380
Purchased services	12,188	9,597	10,761	7,937	9,900	343,546
Supplies and materials	1,632	1,218	9,466	84	-	64,411
Capital outlay	-	2,988	1,686	-	-	9,618
Other objects	-	-	-	-	-	2
Total Expenditures	<u>52,081</u>	<u>123,755</u>	<u>64,086</u>	<u>129,004</u>	<u>9,900</u>	<u>2,041,957</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(9,980)</u>	<u>40,264</u>	<u>(12,675)</u>	<u>-</u>	<u>(1,389)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	-	-	-	-	-	1,554
Transfer out	-	(1,477)	-	(77)	-	(1,554)
Interest	-	12,839	1,536	4,996	-	23,102
Total Other Financing Sources (Uses)	<u>-</u>	<u>11,362</u>	<u>1,536</u>	<u>4,919</u>	<u>-</u>	<u>23,102</u>
NET CHANGE IN FUND BALANCES	-	1,382	41,800	(7,756)	-	21,713
FUND BALANCES - BEGINNING	<u>-</u>	<u>521,016</u>	<u>57,817</u>	<u>220,529</u>	<u>-</u>	<u>1,069,063</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 522,398</u>	<u>\$ 99,617</u>	<u>\$ 212,773</u>	<u>\$ -</u>	<u>\$ 1,090,776</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
EDUCATION FUND ACCOUNTS  
TRUANT ALTERNATIVE/OPTIONAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUES</b>			
Local sources	\$ -	\$ -	\$ 1,433
State sources	157,340	157,340	164,817
Federal sources	2,700	2,700	13,677
Total Revenues	<u>160,040</u>	<u>160,040</u>	<u>179,927</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	126,650	126,650	139,100
Purchased services	26,470	26,470	25,869
Supplies and materials	5,620	5,620	6,271
Capital outlay	1,300	1,300	1,456
Total Expenditures	<u>160,040</u>	<u>160,040</u>	<u>172,696</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>7,231</u>
<b>OTHER FINANCING SOUCES (USES)</b>			
Interest	<u>-</u>	<u>-</u>	<u>1,520</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,520</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	<u>-</u>	<u>-</u>	<u>8,751</u>
<b>FUND BALANCES - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>65,510</u>
<b>FUND BALANCES - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 74,261</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
EDUCATION FUND ACCOUNTS  
TITLE IV SAFE & DRUG FREE SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
Local sources	\$ -	\$ -	\$ 9,184
Federal sources	19,908	19,908	19,908
Total Revenues	<u>19,908</u>	<u>19,908</u>	<u>29,092</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	15,951	15,951	23,228
Purchased services	3,957	3,957	1,457
Total Expenditures	<u>19,908</u>	<u>19,908</u>	<u>24,685</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>4,407</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	4,407
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>1,983</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,390</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
EDUCATION FUND ACCOUNTS  
EVEN START/EARLY CHILDHOOD BLOCK GRANT  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUES</b>			
State sources	\$ 508,022	\$ 508,022	\$ 568,601
Federal sources	12,000	12,000	12,000
Total Revenues	<u>520,022</u>	<u>520,022</u>	<u>580,601</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	451,672	451,672	523,587
Purchased services	50,490	50,490	44,866
Supplies and materials	17,860	17,860	16,396
Total Expenditures	<u>520,022</u>	<u>520,022</u>	<u>584,849</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(4,248)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	-	-	-
Interest	-	-	1,543
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,543</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	-	-	(2,705)
<b>FUND BALANCES - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>42,361</u>
<b>FUND BALANCES - ENDING</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,656</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
EDUCATION FUND ACCOUNTS  
TITLE I READING FIRST PART B SEA FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUES</b>			
Federal sources	\$ 42,424	\$ 42,424	\$ 21,262
Total Revenues	<u>42,424</u>	<u>42,424</u>	<u>21,262</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	7,625	7,625	5,004
Purchased services	30,799	30,799	15,218
Supplies and materials	4,000	4,000	1,040
Total Expenditures	<u>42,424</u>	<u>42,424</u>	<u>21,262</u>
 NET CHANGE IN FUND BALANCES	 -	 -	 -
 FUND BALANCES - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCES - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Local sources	\$ -	\$ -	\$ 714
State sources	150,882	150,882	138,260
Federal sources	2,700	2,700	29,607
Total Revenues	<u>153,582</u>	<u>153,582</u>	<u>168,581</u>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	127,826	127,826	145,807
Purchased services	21,063	21,063	23,450
Supplies and materials	3,393	3,393	4,223
Capital outlay	1,300	1,300	1,356
Total Expenditures	<u>153,582</u>	<u>153,582</u>	<u>174,836</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(6,255)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	-	-	1,477
Interest	-	-	118
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,595</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(4,660)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>4,660</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
EDUCATION FUND ACCOUNTS  
CHILD AND FAMILY CONNECTIONS  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
Local sources	\$ -	\$ -	\$ 137
Federal sources	594,599	594,599	522,556
Total Revenues	<u>594,599</u>	<u>594,599</u>	<u>522,693</u>
EXPENDITURES			
Current:			
Salaries and benefits	425,960	425,960	414,771
Purchased services	156,639	156,639	101,814
Supplies and materials	7,000	7,000	6,108
Capital outlay	5,000	5,000	-
Total Expenditures	<u>594,599</u>	<u>594,599</u>	<u>522,693</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2004 to June 30, 2005)  
EDUCATION FUND ACCOUNTS  
SAFE SCHOOL PROJECTS  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
State sources	\$ -	\$ -	\$ 86,788
Federal sources	12,184	12,184	29,541
Total Revenues	<u>12,184</u>	<u>12,184</u>	<u>116,329</u>
EXPENDITURES			
Current:			
Salaries and benefits	12,184	12,184	120,983
Purchased services	-	-	7,937
Supplies and materials	-	-	84
Total Expenditures	<u>12,184</u>	<u>12,184</u>	<u>129,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(12,675)</u>
OTHER FINANCING SOURCES (USES)			
Transfer out	-	-	(77)
Interest	-	-	4,996
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,919</u>
NET CHANGE IN FUND BALANCES	-	-	(7,756)
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>220,529</u>
FUND BALANCES - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 212,773</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>TOTALS</u>
ASSETS					
Cash	\$ 109,759	\$ 24,670	\$ 11,972	\$ 22	\$ 146,423
TOTAL ASSETS	<u>\$ 109,759</u>	<u>\$ 24,670</u>	<u>\$ 11,972</u>	<u>\$ 22</u>	<u>\$ 146,423</u>
FUND BALANCES					
Unreserved	\$ 109,759	\$ 24,670	\$ 11,972	\$ 22	\$ 146,423
Total Fund Balances	<u>109,759</u>	<u>24,670</u>	<u>11,972</u>	<u>22</u>	<u>146,423</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 109,759</u>	<u>\$ 24,670</u>	<u>\$ 11,972</u>	<u>\$ 22</u>	<u>\$ 146,423</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
<b>REVENUES</b>					
Local sources	\$ 18,885	\$ 7,768	\$ 1,473	\$ -	\$ 28,126
State sources	-	-	720	3,000	3,720
Total Revenues	<u>18,885</u>	<u>7,768</u>	<u>2,193</u>	<u>3,000</u>	<u>31,846</u>
<b>EXPENDITURES</b>					
Current:					
Purchased services	13,282	3,982	1,623	3,649	22,536
Supplies and materials	349	2,529	174	-	3,052
Total Expenditures	<u>13,631</u>	<u>6,511</u>	<u>1,797</u>	<u>3,649</u>	<u>25,588</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,254</u>	<u>1,257</u>	<u>396</u>	<u>(649)</u>	<u>6,258</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interest	2,355	566	280	26	3,227
Total Other Financing Sources (Uses)	<u>2,355</u>	<u>566</u>	<u>280</u>	<u>26</u>	<u>3,227</u>
<b>NET CHANGE IN FUND BALANCES</b>	7,609	1,823	676	(623)	9,485
<b>FUND BALANCES - BEGINNING</b>	<u>102,150</u>	<u>22,847</u>	<u>11,296</u>	<u>645</u>	<u>136,938</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 109,759</u>	<u>\$ 24,670</u>	<u>\$ 11,972</u>	<u>\$ 22</u>	<u>\$ 146,423</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUND  
 JUNE 30, 2005

	<u>Enterprise Fund</u>	
	Film Cooperative	TOTAL
ASSETS		
Current assets:		
Cash	\$ 43,083	\$ 43,083
TOTAL ASSETS	43,083	43,083
NET ASSETS		
Unrestricted (deficit)	43,083	43,083
TOTAL NET ASSETS	\$ 43,083	\$ 43,083

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Enterprise Fund</u>	
	<u>Film Cooperative</u>	<u>TOTAL</u>
OPERATING REVENUES		
Local sources	\$ 3,901	\$ 3,901
Total operating revenues	3,901	3,901
OPERATING EXPENSES		
Supplies and materials	7	7
Other objects	326	326
Total operating expenses	333	333
OPERATING INCOME	3,568	3,568
NONOPERATING REVENUES		
Interest	1,004	1,004
Total nonoperating revenues	1,004	1,004
CHANGE IN NET ASSETS	4,572	4,572
TOTAL NET ASSETS - BEGINNING	38,511	38,511
TOTAL NET ASSETS - ENDING	\$ 43,083	\$ 43,083

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Enterprise Fund	
	Film Cooperative	TOTAL
Cash flows from operating activities:		
Receipts from customers	\$ 3,901	\$ 3,901
Payments to suppliers and providers of goods and services	(333)	(333)
Net cash provided by operating activities	3,568	3,568
Cash flows from investing activities:		
Interest	1,004	1,004
Net cash provided by investing activities	1,004	1,004
Net increase in cash and cash equivalents	4,572	4,572
Cash - beginning	38,511	38,511
Cash - ending	\$ 43,083	\$ 43,083
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 3,568	\$ 3,568
Net cash provided by (used for) operating activities	\$ 3,568	\$ 3,568

CLINTON, MARION, AND WASHINGTON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #13  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2005

	Balance 7/1/2004	Additions	Deductions	Balance 6/30/2005
<u>Distributive Fund</u>				
<b>ASSETS</b>				
Cash	\$ 347,686	\$ 64,784,401	\$ 64,722,616	\$ 409,471
Due from other governments	312,337	381,314	312,337	381,314
 Total Assets	 <u>\$ 660,023</u>	 <u>\$ 65,165,715</u>	 <u>\$ 65,034,953</u>	 <u>\$ 790,785</u>
 <b>LIABILITIES</b>				
Due to other governments	\$ 660,023	\$ 65,165,715	\$ 65,034,953	\$ 790,785
 Total Liabilities	 <u>\$ 660,023</u>	 <u>\$ 65,165,715</u>	 <u>\$ 65,034,953</u>	 <u>\$ 790,785</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2005

TREASURER	General State Aid	Special Education	Vocational Education	Bilingual Ed	Lunch & Milk	Driver Education
Perez (#1)	\$ 3,635,124	\$ 293,197	\$ -	\$ -	\$ 163,274	\$ 11,512
Bair (#3)	3,838,230	292,259	-	-	120,216	11,102
Nettemeier (#12)	1,567,281	189,447	-	-	93,702	-
Kohlbrecher (#14/15)	627,545	22,545	-	-	12,416	-
Kuper (#21)	826,571	39,733	-	-	14,599	-
Holtkamp (#46)	769,438	50,385	-	-	41,367	-
Toennies (#57)	644,792	37,400	-	-	6,826	-
Beckmann (#60)	851,518	50,891	-	-	16,087	-
Arentsen (#62)	348,316	22,643	-	2,901	12,018	-
Deimeke (#63)	560,377	21,768	-	-	12,815	-
Kampwerth (#71)	1,195,565	88,217	-	-	44,013	31,616
Holtkamp (#186)	547,919	40,838	-	-	28,403	-
Smith (#1)	1,051,517	43,923	-	-	49,383	-
Alvis (#2)	453,631	9,035	-	-	23,274	-
Hall (#7)	1,182,286	36,609	-	-	73,626	-
Phillips (#10)	780,278	66,500	-	-	33,776	-
Woolsey (#100)	725,322	49,827	-	-	57,881	2,698
Lloyd (#111)	3,369,986	249,898	-	-	216,295	-
Laffoon (#122)	1,128,059	49,853	-	-	48,625	-
Holtkamp (#133)	1,178,160	47,245	-	-	68,148	-
Woelfel (#135)	5,223,225	437,395	-	-	457,327	-
Broughton (#200)	3,447,840	125,200	-	-	61,363	32,480
Doolen (#401)	2,425,064	200,311	-	-	160,000	8,273
Humes (#501)	2,468,922	170,844	-	-	132,886	5,139
Hughes (#600)	2,704,273	121,047	-	-	72,016	28,473
Laffoon (#700)	346,649	18,134	-	-	4,310	3,752
McClay (#1)	241,451	18,191	-	-	10,437	-
Hund (#10)	2,067,851	94,662	-	-	35,671	8,223
Beckmeyer (#11)	395,796	25,283	-	-	23,955	-
Deering (#15)	563,659	40,146	-	-	36,927	-
Bierman (#29)	184,615	18,195	-	-	16,223	-
Snead (#49)	861,600	120,738	-	-	64,027	-
Brueggemann (#99)	1,413,516	76,005	-	-	14,399	10,460
IL Funds Interest	-	-	-	-	-	-
Reg Voca Deliv Syst	-	-	520,309	-	-	-
Totals	<u>\$ 47,626,376</u>	<u>\$ 3,168,364</u>	<u>\$ 520,309</u>	<u>\$ 2,901</u>	<u>\$ 2,226,285</u>	<u>\$ 153,728</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2005

TREASURER	Transportation	Reading Improvement	Safety/Ed Block Grant	National Bd Initiatives	Early Childhood
Perez (#1)	\$ 331,281	\$ 44,929	\$ 35,386	\$ 3,000	\$ 265,387
Bair (#3)	222,462	39,214	36,691	-	240,879
Nettemeier (#12)	190,649	28,128	17,612	-	-
Kohlbrecher (#14/15)	33,918	12,385	5,513	-	71,093
Kuper (#21)	54,927	10,026	7,821	-	-
Holtkamp (#46)	52,965	11,900	5,944	-	-
Toennies (#57)	38,231	6,309	4,892	-	-
Beckmann (#60)	77,844	10,962	7,526	-	38,058
Arentsen (#62)	41,254	3,620	2,936	-	-
Deimeke (#63)	15,073	7,803	5,062	-	-
Kampwerth (#71)	300,113	-	17,066	-	-
Holtkamp (#186)	15,306	7,988	3,210	-	-
Smith (#1)	150,098	14,852	7,650	-	-
Alvis (#2)	54,437	6,908	3,276	-	-
Hall (#7)	160,208	13,400	7,837	-	-
Phillips (#10)	104,145	9,649	6,872	-	-
Woolsey (#100)	200,230	10,213	8,089	-	-
Lloyd (#111)	225,936	59,890	27,230	-	-
Laffoon (#122)	29,407	16,271	7,520	-	93,985
Holtkamp (#133)	47,969	17,531	7,490	-	-
Woelfel (#135)	501,801	106,763	39,370	-	-
Broughton (#200)	151,214	-	29,184	4,000	-
Doolen (#401)	372,182	29,703	20,274	-	-
Humes (#501)	159,366	26,047	15,373	-	96,631
Hughes (#600)	153,030	-	21,783	-	-
Laffoon (#700)	15,958	-	2,616	-	-
McClay (#1)	47,559	3,260	2,286	-	-
Hund (#10)	299,755	16,609	18,664	-	-
Beckmeyer (#11)	24,943	58	3,205	-	-
Deering (#15)	87,594	12,071	4,922	-	-
Bierman (#29)	29,622	3,407	2,424	-	-
Snead (#49)	128,086	22,675	14,235	3,500	177,418
Brueggemann (#99)	226,673	-	14,739	3,500	-
IL Funds Interest	-	-	-	-	-
Reg Voca Deliv Syst	-	-	-	-	-
Totals	<u>\$ 4,544,236</u>	<u>\$ 552,571</u>	<u>\$ 414,698</u>	<u>\$ 14,000</u>	<u>\$ 983,451</u>

CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2005

TREASURER	Title Programs	Technology Enhancing Ed	Learn/Serve America	Interest	TOTALS
Perez (#1)	\$ 363,729	\$ 6,349	\$ -	\$ -	\$ 5,153,168
Bair (#3)	139,598	2,512	-	-	4,943,163
Nettemeier (#12)	122,582	2,115	-	-	2,211,516
Kohlbrecher (#14/15)	76,588	1,624	-	-	863,627
Kuper (#21)	9,821	-	-	-	963,498
Holtkamp (#46)	69,988	1,179	-	-	1,003,166
Coennies (#57)	18,786	160	-	-	757,396
Beckmann (#60)	24,954	235	4,505	-	1,082,580
Arentsen (#62)	9,775	91	-	-	443,554
Deimeke (#63)	20,816	460	-	-	644,174
Kampwerth (#71)	94,106	1,102	-	-	1,771,798
Holtkamp (#186)	66,718	1,255	-	-	711,637
Smith (#1)	95,705	1,654	-	-	1,414,782
Alvis (#2)	30,973	811	-	-	582,345
Hall (#7)	70,293	1,199	-	-	1,545,458
Phillips (#10)	59,434	944	-	-	1,061,598
Woolsey (#100)	84,777	1,780	-	-	1,140,817
Lloyd (#111)	380,397	7,762	-	-	4,537,394
Laffoon (#122)	137,418	1,924	-	-	1,513,062
Holtkamp (#133)	116,993	2,455	-	-	1,485,991
Woelfel (#135)	883,137	16,364	-	-	7,665,382
Broughton (#200)	299,796	6,862	-	-	4,157,939
Doolen (#401)	231,428	5,280	-	-	3,452,515
Humes (#501)	291,246	5,610	-	-	3,372,064
Hughes (#600)	157,610	3,004	-	-	3,261,236
Laffoon (#700)	4,889	603	-	-	396,911
McClay (#1)	2,763	-	-	-	325,947
Hund (#10)	54,191	909	-	-	2,596,535
Beckmeyer (#11)	217,802	1,547	-	-	692,589
Deering (#15)	93,001	1,857	-	-	840,177
Bierman (#29)	-	-	-	-	254,486
Snead (#49)	97,031	1,507	-	-	1,490,817
Brueggemann (#99)	101,481	2,277	-	-	1,863,050
IL Funds Interest	-	-	-	1,935	1,935
Reg Voca Deliv Syst	-	-	-	-	520,309
Totals	<u>\$ 4,427,826</u>	<u>\$ 81,431</u>	<u>\$ 4,505</u>	<u>\$ 1,935</u>	<u>\$ 64,722,616</u>

CLINTON, MARION AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	CFDA <u>Number</u>	Project # (1st eight digits) or <u>Contract #</u>	Federal <u>Expenditures</u> <u>7/1/04 - 6/30/05</u>
<b>U.S. Dept. of Education Passed through Illinois State Board of Education:</b>			
Title IV Safe and Drug Free Schools	84.184	05-4400-00	\$ 19,908
Title IV - Community Service	84.184C	04-4420-00	4,602
Title I Reading First Part B SEA	84.357	04-4337-02	15,450
Title I Reading First Part B SEA	84.357	05-4337-02	<u>5,812</u>
Total Title I Reading First Part B SEA			<u>21,262</u>
<b>Total U.S. Dept of Education Passed through Illinois State Board of Education</b>			<u>45,772</u>
<b>U.S. Dept. of Education Passed through Madison County Regional Office of Education #41</b>			
Mathematic and Science Partnership	84.366	05-4936-00	<u>2,943</u>
<b>Total U.S. Dept. of Education Passed through Madison County Regional Office of Education #41</b>			<u>2,943</u>
<b>U.S. Dept. of Education Passed through Kaskaskia Special Education District</b>			
Title IV Safe School Projects	84.186A	05-4620-00	<u>12,184</u>
<b>Total U.S. Dept. of Education Passed through Kaskaskia Special Education District</b>			<u>12,184</u>
<b>U.S. Dept. of Education Passed through Kaskaskia College</b>			
Even Start	84.213C	05-4335-00	<u>12,000</u>
<b>Total U.S. Dept. of Education Passed through Kaskaskia College</b>			<u>12,000</u>
<b>U.S. Dept. of Education Passed through St. Clair County Regional Office of Education #50</b>			
Title I School Improvement System of Support	84.010A	04-4331-SS	7,230
Title I School Improvement System of Support	84.010A	05-4331-SS	<u>30,434</u>
Total Title I School Improvement System of Support			<u>37,664</u>
Title II Teacher Quality System of Support	84.367A	04-4935-SS	1,370
Title II Teacher Quality System of Support	84.367A	05-4935-SS	<u>755</u>
Total Title II Teacher Quality System of Support			<u>2,125</u>
<b>Total U.S. Dept. of Education Passed through St. Clair County Regional Office of Education #50</b>			<u>39,789</u>

The accompanying notes are an integral part of this schedule.

CLINTON, MARION AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA</u> Number	Project # (1st eight digits) or <u>Contract #</u>	<u>Federal</u> <u>Expenditures</u> <u>7/1/04 - 6/30/05</u>
<b>U.S. Dept. of Education Passed through Bond, Fayette, Effingham Counties Regional Office of Education # 3</b>			
Standards Aligned Classroom	84.289A	04-4999-00	5,811
Standards Aligned Classroom	84.289A	05-4999-00	<u>11,798</u>
<b>Total U.S. Dept of Education Passed through Bond, Fayette, Effingham Counties Regional Office of Education #3</b>			<u>17,609</u>
<b>U.S. Dept of Agriculture Passed through Illinois State Board of Education:</b>			
National School Lunch	10.555	04-4210-00	541
National School Lunch	10.555	05-4210-00	<u>7,237</u>
Total National School Lunch			<u>7,778</u>
Breakfast Start Up	10.553	05-4200-00	5,400
National School Breakfast	10.553	05-4220-00	<u>3,199</u>
Total Breakfast Start Up & National School Breakfast			<u>8,599</u>
<b>Total U.S. Dept of Agriculture Passed through Illinois State Board of Education</b>			<u>16,377</u>
<b>U.S. Dept of Education Passed through Illinois Department of Human Services:</b>			
Special Education Grants for Infants and Families with Disabilities	84.181	511G5749000	522,556 (M)
Social Service Block Grant (Note 4)	93.667	311G3744721	<u>219,690 (M)</u>
<b>Total U.S. Dept of Education Passed through Illinois Department of Human Services</b>			<u>742,246</u>
<b>U.S. Dept of Health &amp; Human Services Passed through Illinois State Board of Education:</b>			
Regional Safe School	93.558	04-3696-00	14,285
Regional Safe School	93.558	05-3696-00	12,622
Regional Safe School State Aid	93.558	05-3001-93	<u>17,357</u>
<b>Total U.S. Dept of Health &amp; Human Services Passed through Illinois State Board of Education</b>			<u>44,264</u>
<b>U.S. Department of Labor</b>			
School-to- Work Urban Rural Opportunities	17.249	U-6390-7-00-88-60	<u>4,870</u>
<b>Total U.S. Department of Labor</b>			<u>4,870</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 938,054</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

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CLINTON, MARION, AND WASHINGTON COUNTIES  
REGIONAL OFFICE OF EDUCATION #13  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #13 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

NONE

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAM

Special Education/Grants for Infants and Families with Disabilities: The purpose of this program is to develop and implement a Statewide, comprehensive, coordinated, multi disciplinary interagency system that provides early intervention services for infants and toddlers with disabilities and their families.

Social Services Block Grant: The purpose of this program is to enable each State to furnish social services best suited to the needs of the individuals residing in the State. Federal block grant funds may be used to provide services directed toward one of the following five goals specified in the law: (1) to prevent, reduce, or eliminate dependency; (2) to achieve or maintain self-sufficiency; (3) to prevent neglect, abuse, or exploitation of children and adults; (4) to prevent or reduce inappropriate institutional care; and (5) to secure admission or referral for institutional care when other forms of care are not appropriate.

NOTE 4 - NON-CASH ASSISTANCE

The non-cash funding reported on the Schedule of Expenditures of Federal Awards represent payments made by the Illinois Department of Human Services directly to service providers on behalf of residents in the counties served by the Child and Family Connections program. The Illinois Department of Human Services requires this funding to be included on the Schedule of Expenditures of Federal Awards. However, this funding does not meet the revenue recognition criteria under generally accepted accounting principles and is not included in the Regional Office of Education #13's basic financial statements.

NOTE 5 - AMOUNT OF INSURANCE

NONE

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

NONE