

**STATE OF ILLINOIS  
FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21**

**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**

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
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OFFICIALS

Regional Superintendent	Dr. Ronda Baker (June 1, 2006 – present)
Regional Superintendent	Mr. Barry Kohl (During audit period – May 31, 2006)
Assistant Regional Superintendent	Mr. Pete Truran (July 1, 2005 – December 31, 2005)
Assistant Regional Superintendent	Mr. O.J. Thompson (March 1, 2004 – June 30, 2005 January 1, 2006 – present)

Offices are located at:

202 West Main Street  
Benton, IL 62812

206 Rushing Drive, Suite 1  
Herrin, IL 62948

Franklin/Williamson Project ECHO  
900 Washington  
Johnston City, IL 62951

S.T.A.R. Quest Academy  
410 West 5<sup>th</sup>  
Benton, IL 62812

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

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 nonstandard language. However, the report contains an emphasis of matter paragraph due to contingent liabilities.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	8	8
Repeated audit findings	6	5
Prior recommendations implemented or not repeated	2	5

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

*FINDINGS (GOVERNMENT AUDITING STANDARDS)*

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-01	15	Lack of pay-rate authorizations and formal employee evaluations
05-02	19	Unallowable expenditures
05-03	22	Lack of supporting documentation
05-04	24	Unallowable cell phone charges
05-05	26	Improper allocation of costs
05-06	28	Controls over compliance with laws and regulations
05-07	32	Lack of and/or inconsistencies in payment authorizations
05-08	33	Failure to allocate interest earned

*FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)*

05-01	15	Lack of pay-rate authorizations and formal employee evaluations
05-05	26	Improper allocation of costs
05-08	33	Failure to allocate interest earned

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

PRIOR FINDINGS NOT REPEATED  
(*GOVERNMENT AUDITING STANDARDS*)

04-04                      Questionable travel reimbursements  
04-06                      Loss of potential revenues

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at a formal exit conference on May 17, 2006. Attending were:

Franklin/Williamson Counties Regional Office of Education No. 21

O.J. Thompson	Assistant Regional Superintendent
Suzanne Willmore	Bookkeeper
Johna Schullian	Comptroller

Regional Board of School Trustees

John Metzger	Chairman
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Office of the Auditor General

Kelly Mittelstaedt	Audit Manager
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Sikich LLP

Tom Krehbiel	Partner
Mike Hoppe	Supervisor
Leslie Ruyle	Supervisor

Responses to the recommendations were provided by Mr. O.J. Thompson, Assistant Regional Superintendent on May 23, 2006.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

FINANCIAL STATEMENT REPORT  
SUMMARY

The audit of the accompanying basic financial statements of the Franklin/Williamson Counties Regional Office of Education No. 21 was performed by Sikich LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements. Their report, however, contains an emphasis of matter paragraph due to contingent liabilities created by possible violation of restrictive provisions of grants.



## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin/Williamson Counties Regional Office of Education No. 21, as of and for the year ended June 30, 2005, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education No. 21'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 Franklin/Williamson Counties Regional Office of Education No. 21, 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.

As discussed in Note 13 to the financial statements, the Franklin/Williamson Counties Regional Office of Education No. 21 has expended funds in a manner that may have violated certain restrictive provisions of certain grants. The possible outcome of these matters, which have been reported to appropriate government officials, is uncertain at this time. Accordingly, no provision for any liability has been made in the basic financial statements for possible government claims for refunds of those State or Federal grant monies. In addition, the Regional Superintendent of Schools and several other employees have been indicted by a State of Illinois grand jury on August 19, 2004. The indictments include alleged theft, forgery, official misconduct, perjury, and conspiracy.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 17, 2006 on our consideration of the Franklin/Williamson Counties Regional Office of Education No. 21'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 48 through 54 and 88 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 Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, 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.

*Dikich LLP*

Springfield, Illinois  
February 17, 2006



**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 Franklin/Williamson Counties Regional Office of Education No. 21, as of and for the year ended June 30, 2005, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements and have issued our report thereon dated February 17, 2006. 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 Franklin/Williamson Counties Regional Office of Education No. 21's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Franklin/Williamson Counties Regional Office of Education No. 21's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05-02, 05-03, 05-04, 05-05, 05-07, and 05-08.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 05-05 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Franklin/Williamson Counties Regional Office of Education No. 21's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as items 05-01, 05-02, 05-03, 05-04, 05-06, and 05-08.

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.

*Sikich LLP*

Springfield, Illinois  
February 17, 2006



**Report on Compliance With Requirements  
Applicable to Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Franklin/Williamson Counties Regional Office of Education No. 21 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 Franklin/Williamson Counties Regional Office of Education No. 21'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 Franklin/Williamson Counties Regional Office of Education No. 21's management. Our responsibility is to express an opinion on the Franklin/Williamson Counties Regional Office of Education No. 21'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 Franklin/Williamson Counties Regional Office of Education No. 21'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 Franklin/Williamson Counties Regional Office of Education No. 21's compliance with those requirements.

In our opinion, the Franklin/Williamson Counties Regional Office of Education No. 21 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 instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05-05 and 05-08.

### **Internal Control Over Compliance**

The management of the Franklin/Williamson Counties Regional Office of Education No. 21 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 Franklin/Williamson Counties Regional Office of Education No. 21'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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Franklin/Williamson Counties Regional Office of Education No. 21's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05-01, 05-05, and 05-08.

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

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, the 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.

*Sikich LLP*

Springfield, Illinois  
February 17, 2006

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2005**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:  
 Material weakness(es) identified?  yes  no  
 Reportable condition(s) identified that are not  
 considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:  
 Material weakness(es) identified?  yes  no  
 Reportable condition(s) identified that are not  
 considered to be material weaknesses?  yes  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  
 Circular A-133, Section .510(a)?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.287C	21 <sup>st</sup> Century Community Learning Centers
84.303	Technology Challenge Grants
84.318X	Technology – Enhancing Education – Competitive

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

Auditee qualified as low-risk auditee?  yes  no

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-01**– Lack of pay-rate authorizations and formal employee evaluations  
(Repeat of prior year finding: FS 04-01, FS 03-03 and FS 02-6)

**Federal Program Name :** (a) National School Lunch Program (b) School Breakfast Program (c) SAE Nutrition Education Loan Library (d) Technology Challenge Grant (e) 21<sup>st</sup> Century Community Learning Centers (f) Temporary Assistance for Needy Families (Regional Safe Schools) (g) Title IV - Community Service (h) McKinney Education for Homeless Children (i) Technology - Enhancing Education – Competitive (j) Title I - Reading First Part B SEA Funds (k) Education to Careers - Implementation (l) Substance Abuse Prevention & Treatment Block Grant (m) Community Technology Centers (n) Learn and Serve America (o) Title I – Grants to Local Educational Agencies (p) Title V – Innovative Programs (q) Title II – Teacher Quality

**Project Number:** (a) 05-4210-00 (b) 05-4220-00 (c) 05-4227-00 (d) R303A980314 (e) S287B011509 and 05-4421-05 (f) 05-3001-93 and 05-3696-00 (g) 04-4420-00 (h) 05-4920-00 (i) 05-4972-00, 05-4972-01, and 04-4972-00 (j) 05-4337-02 and 04-4337-02 (k) 05-4777-00 and 04-4777-00 (l) 511G5200000 (m) V341A030102 and 13666 (n) 04-4910-00 (o) N/A (p) N/A (q) N/A

**CFDA Number:** (a) 10.555 (b) 10.553 (c) 10.560 (d) 84.303 (e) 84.287C (f) 93.558 (g) 84.184 (h) 84.196A (i) 84.318X (j) 84.357A (k) 17.263 (l) 93.959 (m) 84.341A (n) 94.004 (o) 84.010A (p) 84.298A (q) 84.367A

**Passed Through:** (a) Illinois State Board of Education (b) Illinois State Board of Education (c) Illinois State Board of Education (d) None (e) None and Illinois State Board of Education (f) Illinois State Board of Education (g) Illinois State Board of Education (h) Illinois State Board of Education (i) Illinois State Board of Education (j) Illinois State Board of Education (k) Illinois State Board of Education (l) Illinois Department of Human Services (m) None and Education Development Center (n) Illinois State Board of Education (o) Regional Office of Education No. 02 (p) Regional Office of Education No. 02 and Regional Office of Education No. 25 (q) Regional Office of Education No. 02

**Federal Agency:** (a) Dept. of Agriculture (b) Dept. of Agriculture (c) Dept. of Agriculture (d) Dept. of Education (e) Dept. of Education (f) Dept. of Health and Human Services (g) Dept. of Education (h) Dept. of Education (i) Dept. of Education (j) Dept. of Education (k) Dept. of Labor (l) Dept. of Health and Human Services (m) Dept. of Education (n) Corporation for National and Community Service (o) Dept. of Education (p) Dept. of Education (q) Dept. of Education

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-01 – CONTINUED**

**CRITERIA/SPECIFIC REQUIREMENT:**

*The Regional Office of Education (ROE) Accounting Manual* general policies concerning payroll procedures state that a master record should be maintained on each employee or contractor for federal and State reporting purposes. The master payroll record should contain at least the following: employee name, social security number, address, date of hire, rate and terms of contract/agreement. In addition, it is good business practice to conduct and document formal job evaluations at least on an annual basis. Any employee compensation adjustments should be documented and maintained in employee personnel files.

**CONDITION:**

The ROE made 130 non-routine/bonus payments to selected employees during the year which totaled \$102,040. These 130 payments were made to 31 employees with 23 of the employees receiving more than one payment. Of this amount, \$50,653 of the payments were made during June 2005, which is the last month of a considerable number of the ROE's grant funded programs. Additionally, we noted that 14 of the 130 (11%) payments were not supported by an approved Payroll Change Notice form. Many of the completed forms did not document the reason for the additional compensation. ROE policy requires this notice to be signed by the Superintendent and on file with the bookkeeper before the effective date of the payroll change in order to document the approval of the rate change or additional compensation.

In the prior year, formal employee evaluations were not performed. The Regional Superintendent and Assistant Regional Superintendent completed employee evaluations during the year and put them in the employees' personnel files. However, ROE personnel indicated that these evaluations were not given to them, formally discussed with them, or signed by them.

**QUESTIONED COSTS:**

N/A

**CONTEXT:**

N/A

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-01 – CONTINUED**

**EFFECT:**

Employee compensation is not supported by approved documentation which may result in incorrect compensation for services provided. By not reviewing the employee evaluation with the applicable employee, employees are not given feedback on their job performance.

**CAUSE:**

The Regional Superintendent of Schools stated that pay rates change based on funding availability and changes are discussed with employees. He also stated that informal job performance evaluations are conducted as he deems necessary and formal evaluations were performed this year.

**RECOMMENDATION:**

The ROE should maintain documentation for employees that establishes a pay rate commensurate with the responsibilities assigned. Pay rate authorization forms should be completed as required by ROE policy. In addition, formal job evaluations should be reviewed with employees and signed by the employees.

**MANAGEMENT'S RESPONSE:**

The identified non-routine payments can be explained as follows: extra duties performed such as substitute teaching, extra work over the summer for 9.5 month employee, payments for various technology workshops taught, adjusted compensation for an employee who left mid-year but payroll had been pro-rated, stipends for trainings attended, extra duties performed for part-time employees, lawn mowing services by an employee, non-routine payment schedule set up at employee request, payments for services for spelling bee judges, and clerical duties performed at evening annexation meetings. The identified "bonus" payments in June were salary payments for employees who worked Project ECHO's 4-week summer school course. Summer school earnings are above and beyond the salary earned over the course of the regular school year and are paid in June, when services are rendered. Project ECHO receives its revenue from General State Aid and is *not* a grant funded program ending June 30. The ROE cannot avoid non-routine payments due to the unavoidable situations that cause the non-routine payments. However, the ROE will provide better explanation and documentation explaining the reason for the payments.

The ROE will review formal job evaluations with the employees and have employees sign the evaluations.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-01 – CONTINUED**

**AUDITOR’S COMMENT:**

The ROE did not provide adequate documentation during fieldwork to explain the additional payments. Documentation should be maintained for any payment an employee receives outside of their annual regular salary. While many payments made to employees in June 2005 were for the ECHO program, over \$9,000 of the June 2005 payments were made for other grant programs.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-02** – Unallowable expenditures (Repeat of prior year finding: FS 04-02, FS 03-04 and FS 02-7)

**CRITERIA/SPECIFIC REQUIREMENT:**

ROE funds should not be used for personal expenditures unrelated to the operation of the ROE.

**CONDITION: (AS REPORTED IN THE PRIOR YEAR)**

The Regional Superintendent submitted travel vouchers for mileage and meal expenses for himself and other employees that were reimbursed by the ROE that have been alleged to be materially false in indictments released on August 19, 2004. The Regional Superintendent and three ROE employees have been indicted for allegations ranging from theft and forgery to official misconduct, conspiracy, and/or perjury. As of June 30, 2005, legal proceedings related to the indictments were still continuing.

The indictments allege, in part, the following:

- A travel voucher submitted for reimbursement included mileage of 960 miles to Montgomery, Alabama that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 200 miles to St. Louis, Missouri and a meal expense of \$71.40 that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 1,000 miles to Livingston, Alabama that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 800 miles to Philadelphia, Mississippi that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 35 miles to Ina, Illinois that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 44 miles to Marion, Illinois and a meal expense of \$88.26 that was materially false.
- A travel voucher submitted for reimbursement included mileage of 35 miles to Ina, Illinois and a meal expense of \$49.34 that was materially false.
- A travel voucher submitted for reimbursement included mileage of 35 miles and a meal expense of \$90 that was materially false.
- A travel voucher submitted for meal expenses for \$187.51 was not incurred on business of the ROE.
- A travel voucher submitted for meal expenses for \$188.93 was not incurred on business of the ROE.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-02 – CONTINUED**

- A travel voucher submitted for lodging expense for \$284.99 was not incurred on business of the ROE.

The Regional Superintendent did reimburse the ROE \$2,625.70 for some personal expenditures incurred but it is unclear which specific charges were being reimbursed or whether any of these reimbursements related to matters that were the subject of the indictments.

**CURRENT YEAR STATUS:**

These issues noted in the prior audit remain in question as no trial or settlement has occurred as of our report date.

**EFFECT:**

Using ROE funds for personal purposes is an inappropriate use of public funds and overstates Regional Office operating expenses.

**CAUSE:**

The ROE lacks adequate internal controls to ensure that personal expenses are not paid by the ROE, but rather paid by the employee. The Regional Superintendent stated that personal expenses not reimbursed were an oversight.

**RECOMMENDATION:**

We recommend the ROE establish and follow a policy that prohibits personal expenditures from being paid with ROE funds. Internal controls should be established to ensure that personal expenses are not paid by the Regional Office. We also recommend the Regional Superintendent reimburse the ROE for all personal expenses paid by the Regional Office that have not been previously reimbursed.

**MANAGEMENT'S RESPONSE:**

Response as provided by former Regional Supt. Mr. Kohl, "I object to the findings on the cell phone usage and meal and mileage compensation. These findings are inaccurate and not based on actual facts."

The ROE response is as follows: It is the policy of the ROE that personal expenses are paid by the employee **not** the ROE. Internal controls have been established to ensure the Regional Office does not pay personal expenses.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-02 – CONTINUED**

**AUDITOR’S COMMENT:**

The former Regional Superintendent did not provide any documentation to support his claims that this finding is inaccurate and not based on actual facts.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-03** – Lack of supporting documentation (Partial repeat of prior year finding: FS 04-03, FS 03-05, and FS 02-08)

**CRITERIA/SPECIFIC REQUIREMENT:**

Expenditures or reimbursements made on behalf of the ROE should be supported by documentation showing how the expense relates to a program. The ROE’s travel policies state, “meals are reimbursable if the expense is incurred due to a lunch or dinner meeting” and receipts are required for meals, transportation, toll fees, postage, and parking.

**CONDITION:**

In 3 of 25 (12%) and \$1,520 out of \$10,881 expenditures tested, the ROE failed to maintain adequate documentation for the expense. In all three instances, employee expense reports were completed but no receipts or other supporting documentation was obtained to support the purchase.

Additionally, 15 of 40, (38%), of cell phone expenditures tested, totaling \$2,951, were not properly supported. Either only the summary page (page 1) of the cell phone bill was submitted as supporting documentation or there was no supporting documentation at all. Details regarding the number of lines, names of users, number of minutes, etc. were omitted. Monthly cell phone invoices submitted ranged from \$11.60 to \$745.23.

**EFFECT:**

Without documentation showing the purpose of the expenses and how they may relate to a grant/program, unallowable expenditures may have occurred and compliance with Regional Office travel policies cannot be ascertained.

**CAUSE:**

The ROE did not provide adequate documentation to justify that the expenditures were allowable.

**RECOMMENDATION:**

The ROE should adhere to their policy, which requires that each meal reimbursement submitted be accompanied by a receipt. In addition, all requests for reimbursement should include receipts and documentation showing the purpose of the expenditure. The ROE should also require that the detail of all cell phone invoices be provided and reviewed to determine that only business related calls are being reimbursed.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-03 – CONTINUED**

**MANAGEMENT'S RESPONSE:**

The ROE's current policy requires employees to provide a receipt and documentation showing purpose of expenditures.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-04** – Unallowable cell phone charges

**CRITERIA/SPECIFIC REQUIREMENT:**

Cell phone charges should only be reimbursed for legitimate business activities incurred by ROE employees.

**CONDITION:**

The Regional Superintendent submitted a monthly cell phone bill which included three individual cell phone lines. He indicated that two cell phones were his and the third cell phone was for the Assistant Regional Superintendent. However, auditors called the cell phone number which the Regional Superintendent identified as the one assigned to the Assistant Regional Superintendent. The call was answered by the Regional Superintendent's son who is not an employee of the ROE. The Regional Superintendent's son indicated that this particular cell phone did not belong to the Assistant Regional Superintendent, but was in fact his. Total reimbursement claims submitted by the Regional Superintendent for all three cell phones during the fiscal year were \$4,311.75.

**EFFECT:**

Using ROE funds for personal purposes is an inappropriate use of public funds and overstates Regional Office operating expenses.

**CAUSE:**

The ROE has insufficient internal controls regarding cell phone reimbursements.

**RECOMMENDATION:**

We recommend the ROE establish and follow a policy that prohibits personal expenditures from being paid with ROE funds. Internal controls should be established to ensure that personal expenses are not paid by the Regional Office. Finally, we recommend the Regional Superintendent justify his need for two cell phones and reimburse the ROE for all personal expenses paid by the Regional Office for personal cell phone use.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-04 – CONTINUED**

**MANAGEMENT’S RESPONSE:**

Response as provided by Former Regional Supt. Mr. Kohl, “I object to the findings on the cell phone usage and meal and mileage compensation. These findings are inaccurate and not based on actual facts.”

The ROE response is as follows: Employee cell phone charges are reimbursed for legitimate business activities incurred by ROE employees.

**AUDITOR’S COMMENT:**

The former Regional Superintendent did not provide any documentation to support his claim that this finding is inaccurate and not based on actual facts.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-05** – Improper allocation of costs (Repeat of prior year findings: FS 04-05, FS 03-10, FS 02-16, FS 01-4, FS 00-5, FA 01-2, FA 00-2)

**Federal Program Name:** (a) Technology Challenge Grant (b) 21<sup>st</sup> Century Community Learning Centers (c) Technology - Enhancing Education – Competitive

**Project Number:** (a) R303A980314 (b) S287B011509 and 05-4421-05 (c) 05-4972-00, 05-4972-01, and 04-4972-00

**CFDA Number:** (a) 84.303 (b) 84.287C (c) 84.318X

**Passed Through:** (a) None (b) None and Illinois State Board of Education (c) Illinois State Board of Education

**Federal Agency:** (a) Dept. of Education (b) Dept. of Education (c) Dept. of Education

**CRITERIA/SPECIFIC REQUIREMENT:**

Grants, cost reimbursement contracts and other agreements with the Federal Government (collectively known as Federal Awards) should bear their fair share of costs recognized under principles established by the Office of Management and Budget (OMB). Costs are allocable to Federal Awards if the goods or services involved are chargeable or assignable to the award in accordance with the relative benefits received. Where an accumulation of indirect costs will ultimately result in charges to a Federal Award, a cost allocation plan or approved indirect cost rate is required as described in Attachments C, D and E of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

**CONDITION:**

The ROE has not implemented a cost allocation plan or an approved indirect cost rate to allocate indirect costs in accordance with OMB Circular A-87. The ROE invoices the various grants and programs it administers for central service activities, including support salaries and related benefits, accounting and secretarial services, and space rent based on the grants' budgeted costs (rather than as part of a Cost Allocation Plan). Such salaries and benefits are allowable expenditures under OMB Circular A-87, however, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages is required to be documented in accordance with the provisions of OMB Circular A-87 or be included in the ROE's cost allocation plan. Rent costs are also an allowable expenditure, subject to limitations included in OMB Circular A-87.

**QUESTIONED COSTS:**

The amount of questioned costs cannot be determined without preparing a cost allocation plan.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-05 – continued**

**CONTEXT:**

The ROE allocated indirect costs to the Technology Challenge Grant, 21<sup>st</sup> Century Community Learning Centers, Technology - Enhancing Education – Competitive, and several other programs. While these costs were approved in the grant budget, without documentation of the basis for, and rationale behind, the allocations, the amounts over- or under-charged to the program cannot be readily determined. Based on the total amount of allocated costs charged to the program, any amount deemed to be over-charged to the award most likely would be considered immaterial or less than \$10,000.

**EFFECT:**

The ROE is not able to determine if the amount of central service activities charged to the Federal Award represent the grant's "fair share" of costs recognized under principles required by OMB Circular A-87.

**CAUSE:**

The ROE determined the amount of costs to be allocated to the grant programs based on amounts allowable in grant budgets.

**RECOMMENDATION:**

The ROE should develop a cost allocation plan or establish an approved indirect cost rate in accordance with OMB Circular A-87 which addresses allowable costs to all applicable programs.

**MANAGEMENT'S RESPONSE:**

The ROE has not developed a cost allocation plan that addresses the distribution of salaries of employees who work on multiple activities.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-06** – Controls over compliance with laws and regulations (Repeat of prior year finding: FS 04-07)

**CRITERIA/SPECIFIC REQUIREMENT:**

A. The Illinois School Code (105 ILCS 5/3-6) requires the Regional Superintendent to report, in writing, to the county board, on or before January 1 of each year, stating: (1) the balance on hand at the time of the last report, and all receipts since that date, with the sources from which they were derived; (2) the amount distributed to each of the school treasurers in his or her county; and (3) any balance on hand.

The Regional Superintendent is also required to submit, in writing, to the county board a statement of the condition of the Institute Fund and of any other funds in his care, custody or control.

B. The Illinois School Code (105 ILCS 5/3-12) states that the Regional Superintendent shall on or before January 1 of each year publish in a newspaper of general circulation published in the region or shall post in each school building under his jurisdiction an accounting of: (1) the balance on hand in the Institute Fund at the beginning of the previous year; (2) all receipts within the previous year deposited in the Fund, with the sources from which they were derived; (3) the amount distributed from the Fund and the purposes for which such distributions were made; and (4) the balance on hand in the Fund.

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

D. 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.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING NO. 05-06 – Continued**

**CONDITION:**

- A. The Franklin/Williamson Counties Regional Office of Education No. 21 did not submit the required reports to its county boards on or before January 1, 2005.
- B. The Franklin/Williamson Counties Regional Office of Education No. 21 did not publish or post in each school building under its jurisdiction, a copy of the Institute Fund report on or before January 1, 2005.
- C. The Regional Superintendent did not notify the board of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amounts of money distributed by him to the school treasurer, with the date of distribution.
- D. The ROE is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. ROE 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 ROE 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:**

Failure to comply with Illinois Compiled Statutes.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING NO. 05-06 – Continued**

**CAUSE:**

- A. Franklin/Williamson Counties Regional Office of Education No. 21 indicated they were unaware of the requirement to submit these reports to its county boards.
- B. Franklin/Williamson Counties Regional Office of Education No. 21 indicated they were unaware of the requirement to publish the required information in a newspaper of general circulation published in the region or to post the information in each school building under its jurisdiction.
- C. Franklin/Williamson Counties Regional Office of Education No. 21 indicated they were unaware of the requirement to notify the board of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amounts of money distributed by him to the school treasurer, with the date of distribution.
- D. Franklin/Williamson Counties Regional Office of Education No. 21 indicated they were unaware of the requirement to examine the required documents at least annually.

**RECOMMENDATION:**

The Franklin/Williamson Counties Regional Office of Education No. 21 should ensure it complies with all applicable Illinois Compiled Statutes.

- A. The ROE should submit the information required by 105 ILCS 5/3-6 to the counties by the statutory deadline.
- B. The ROE should comply with the notification requirements of the statutes (105 ILCS 5/3-12) regarding publishing or posting Institute Fund information.
- C. The ROE should submit the information required by 105 ILCS 5/3-14.17 to notify the required individuals of the amounts distributed by him to the school treasurer on or before September 30.
- D. The ROE should comply with the requirements of 105 ILCS 5/3-14.11. If the ROE believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING NO. 05-06 – Continued**

**MANAGEMENT’S RESPONSE:**

- A. ROE was unaware of the requirement to submit these reports.
- B. ROE was unaware of the requirements to publish the required information.
- C. ROE was unaware of the requirement.
- D. ROE was unaware of the requirement.

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.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-07** – Lack of and/or inconsistencies in payment authorizations (Repeat of prior year finding: FS 04-08)

**CRITERIA/SPECIFIC REQUIREMENT:**

It is good business practice to establish internal accounting controls that include proper segregation of duties. Payments for goods and services should be properly approved by the Regional Superintendent so that ROE funds are not expended for unauthorized purchases. The ROE requires that an “Authorization for Payment” form be completed and submitted along with the vendor’s invoice in order for an expenditure to be processed. The “Authorization for Payment” form used by the ROE includes a separate line specifically for the Regional Superintendent’s approval.

**CONDITION:**

During our review of 140 expenditures and related vendor invoices, we noted that 5 invoices (4%) were not properly approved for payment by the Superintendent or Program Coordinator. Additionally, in 16 of the 140 (11%) expenditures examined, we noted that it appeared that someone other than the Regional Superintendent initialed the “Authorization for Payment” forms in the space designated for the Superintendent’s approval. This may indicate there were more expenditures not properly approved for payment.

**EFFECT:**

The ROE could possibly over-report expenditures and/or incur unallowable expenditures.

**CAUSE:**

The ROE has insufficient internal controls regarding the authorization of invoices.

**RECOMMENDATION:**

We recommend the Regional Superintendent ensure that all vendor invoices and employee reimbursements are properly authorized before payment.

**MANAGEMENT’S RESPONSE:**

ROE agrees with this finding.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-08** – Failure to allocate interest earned

**Federal Program Name :** (a) National School Lunch Program (b) School Breakfast Program (c) SAE Nutrition Education Loan Library (d) Technology Challenge Grant (e) 21<sup>st</sup> Century Community Learning Centers (f) Temporary Assistance for Needy Families (Regional Safe Schools) (g) Title IV - Community Service (h) McKinney Education for Homeless Children (i) Technology - Enhancing Education – Competitive (j) Title I - Reading First Part B SEA Funds (k) Education to Careers - Implementation (l) Substance Abuse Prevention & Treatment Block Grant (m) Community Technology Centers (n) Learn and Serve America (o) Title I – Grants to Local Educational Agencies (p) Title V – Innovative Programs (q) Title II – Teacher Quality

**Project Number:** (a) 05-4210-00 (b) 05-4220-00 (c) 05-4227-00 (d) R303A980314 (e) S287B011509 and 05-4421-05 (f) 05-3001-93 and 05-3696-00 (g) 04-4420-00 (h) 05-4920-00 (i) 05-4972-00, 05-4972-01, and 04-4972-00 (j) 05-4337-02 and 04-4337-02 (k) 05-4777-00 and 04-4777-00 (l) 511G5200000 (m) V341A030102 and 13666 (n) 04-4910-00 (o) N/A (p) N/A (q) N/A

**CFDA Number:** (a) 10.555 (b) 10.553 (c) 10.560 (d) 84.303 (e) 84.287C (f) 93.558 (g) 84.184 (h) 84.196A (i) 84.318X (j) 84.357A (k) 17.263 (l) 93.959 (m) 84.341A (n) 94.004 (o) 84.010A (p) 84.298A (q) 84.367A

**Passed Through:** (a) Illinois State Board of Education (b) Illinois State Board of Education (c) Illinois State Board of Education (d) None (e) None and Illinois State Board of Education (f) Illinois State Board of Education (g) Illinois State Board of Education (h) Illinois State Board of Education (i) Illinois State Board of Education (j) Illinois State Board of Education (k) Illinois State Board of Education (l) Illinois Department of Human Services (m) None and Education Development Center (n) Illinois State Board of Education (o) Regional Office of Education No. 02 (p) Regional Office of Education No. 02 and Regional Office of Education No. 25 (q) Regional Office of Education No. 02

**Federal Agency:** (a) Dept. of Agriculture (b) Dept. of Agriculture (c) Dept. of Agriculture (d) Dept. of Education (e) Dept. of Education (f) Dept. of Health and Human Services (g) Dept. of Education (h) Dept. of Education (i) Dept. of Education (j) Dept. of Education (k) Dept. of Labor (l) Dept. of Health and Human Services (m) Dept. of Education (n) Corporation for National and Community Service (o) Dept. of Education (p) Dept. of Education (q) Dept. of Education

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-08 – continued**

**CRITERIA/SPECIFIC REQUIREMENT:**

*The Regional Office of Education (ROE) Accounting Manual* states that if dollars from two or more sources of funds (SOF) are combined in one bank account and/or fund, the ROE must allocate, on a reasonable basis, a portion of the interest earned on that bank account or fund to each of those SOF. The allocation should be done no less than monthly when bank statements are received. Once the interest is allocated to the appropriate SOF, certain rules apply to the expenditure of that interest. The *ROE Accounting Manual* states that the rules for allocating and expending interest vary depending on the SOF that generated the interest. Unless the grant agreement specifically addresses the interest issue and provides otherwise, the following rules would apply.

- The Grant Funds Recovery Act (30 ILCS 705/1 et seq.) states that interest earned on grant funds becomes part of the grant principal and is treated accordingly for all purposes unless the grant agreement and/or the grant regulations provides otherwise. The Act further states that any grant funds not expended (or legally obligated) by the end of the grant period must be returned to the grantor. This applies to state and federal grants.
- Generally, federal rules supersede those of the state (for federal grants only). If a federal rule allows different treatment of interest, then the federal rule would be followed.
- Federal cash management requirements state that grantees and subgrantees shall minimize the time elapsed between the receipt of funds and the expenditure of those funds. The accumulation of interest would indicate excess cash on hand.
- U.S. Department of Education (USDE) regulations appear in 34 Code of Federal Regulations (CFR). Part 80 of 34 CFR is titled: “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments”. It is also known as the “Common Rule” because most federal agencies have adopted it in their regulations. The “Common Rule” states that annual interest earned in excess of \$100.00 on advances of funds must be submitted promptly to the granting agency. The \$100.00 may be spent on administrative costs. Those administrative costs must be for that grant and within the grant period. Some grants may be exempt from the “Common Rule”.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2005**

**FINDING 05-08 – continued**

Interest earned on SOF that are not grants but are set up by statute (examples include but may not be limited to Institute, GED, Bus Driver, Tech Hub) must be allocated to the SOF and expended for the same purpose. However, unlike grants, this interest does not have to be expended within any given period of time unless statute, regulations or contract state otherwise. The same laws that apply to the expenditure of the original SOF also apply to any expenditures of interest earned on that SOF.

**CONDITION:**

The ROE is not currently allocating interest earned from their commingled bank account to each SOF.

**QUESTIONED COSTS:**

The amount of questioned costs cannot be determined without preparing an interest allocation plan, but would be less than \$10,000.

**CONTEXT:**

The ROE received various grant funds from State and federal sources, as well as funds received for services provided by their Institute, GED, and Bus Driver Training funds.

**EFFECT:**

Interest earned on excess funds for a SOF that are not allocated to that particular SOF may result in unallowable expenditures and noncompliance with State and federal statutes and regulations.

**CAUSE:**

The ROE was unaware of the requirement to allocate interest earned in their commingled cash account to each SOF.

**RECOMMENDATION:**

The Franklin/Williamson Counties Regional Office of Education No. 21 should develop a plan to allocate interest earned on commingled funds to each SOF and follow the appropriate State and federal statutes and regulations.

**MANAGEMENT'S RESPONSE:**

The ROE was unaware of the requirement to allocate interest earned on commingled cash accounts to each source of funds.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARD FINDINGS  
For the Year Ended June 30, 2005**

**INSTANCES OF NON COMPLIANCE:**

1. **FINDING 05-05** – Improper allocation of costs (finding details on pages 26-27)
2. **FINDING 05-08** – Failure to allocate interest earned (finding details on pages 33-35)

**REPORTABLE CONDITIONS:**

1. **FINDING 05-01**– Lack of pay-rate authorizations and formal employee evaluations (finding details on pages 15-18)
2. **FINDING 05-05** – Improper allocation of costs (finding details on pages 26-27)
3. **FINDING 05-08** – Failure to allocate interest earned (finding details on pages 33-35)

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-01**– Lack of pay-rate authorizations and formal employee evaluations

**CONDITION:**

The ROE made 130 non-routine/bonus payments to selected employees during the year which totaled \$102,040. These 130 payments were made to 31 employees with 23 of the employees receiving more than one payment. Of this amount, \$50,653 of the payments were made during June 2005, which is the last month of a considerable number of the ROE's grant funded programs. Additionally, we noted that 14 of the 130 (11%) payments were not supported by an approved Payroll Change Notice form. Many of the completed forms did not document the reason for the additional compensation. ROE policy requires this notice to be signed by the Superintendent and on file with the bookkeeper before the effective date of the payroll change in order to document the approval of the rate change or additional compensation.

In the prior year, formal employee evaluations were not performed. The Regional Superintendent and Assistant Regional Superintendent completed employee evaluations during the year and put them in the employees' personnel files. However, ROE personnel indicated that these evaluations were not given to them, formally discussed with them, or signed by them.

**PLAN:**

The ROE cannot avoid non-routine payments due to the unavoidable situations that cause the non-routine payments. However, the ROE will provide better explanation and documentation explaining the reason for the payments.

The ROE will review formal job evaluations with the employees and have employees sign the evaluations.

**ANTICIPATED DATE OF COMPLETION:**

FY 06

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-02 – Unallowable expenditures**

**CONDITION: (AS REPORTED IN THE PRIOR YEAR)**

The Regional Superintendent submitted travel vouchers for mileage and meal expenses for himself and other employees that were reimbursed by the ROE that have been alleged to be materially false in indictments released on August 19, 2004. The Regional Superintendent and three ROE employees have been indicted for allegations ranging from theft and forgery to official misconduct, conspiracy, and/or perjury. As of June 30, 2005, legal proceedings related to the indictments were still continuing.

The indictments allege, in part, the following:

- A travel voucher submitted for reimbursement included mileage of 960 miles to Montgomery, Alabama that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 200 miles to St. Louis, Missouri and a meal expense of \$71.40 that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 1,000 miles to Livingston, Alabama that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 800 miles to Philadelphia, Mississippi that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 35 miles to Ina, Illinois that was not incurred on business of the ROE.
- A travel voucher submitted for reimbursement included mileage of 44 miles to Marion, Illinois and a meal expense of \$88.26 that was materially false.
- A travel voucher submitted for reimbursement included mileage of 35 miles to Ina, Illinois and a meal expense of \$49.34 that was materially false.
- A travel voucher submitted for reimbursement included mileage of 35 miles and a meal expense of \$90 that was materially false.
- A travel voucher submitted for meal expenses for \$187.51 was not incurred on business of the ROE.
- A travel voucher submitted for meal expenses for \$188.93 was not incurred on business of the ROE.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-02 – CONTINUED**

- A travel voucher submitted for lodging expense for \$284.99 was not incurred on business of the ROE.

The Regional Superintendent did reimburse the ROE \$2,625.70 for some personal expenditures incurred but it is unclear which specific charges were being reimbursed or whether any of these reimbursements related to matters that were the subject of the indictments.

**PLAN:**

The ROE established internal controls and policies to ensure non-payment of personal expenses in fiscal year 2003.

**ANTICIPATED DATE OF COMPLETION:**

Plan is currently in place.

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-03** – Lack of supporting documentation

**CONDITION:**

In 3 of 25 (12%) and \$1,520 out of \$10,881 expenditures tested, the ROE failed to maintain adequate documentation for the expense. In all three instances, employee expense reports were completed but no receipts or other supporting documentation was obtained to support the purchase.

Additionally, 15 of 40, (38%), of cell phone expenditures tested, totaling \$2,951, were not properly supported. Either only the summary page (page 1) of the cell phone bill was submitted as supporting documentation or there was no supporting documentation at all. Details regarding the number of lines, names of users, number of minutes, etc. were omitted. Monthly cell phone invoices submitted ranged from \$11.60 to \$745.23.

**PLAN:**

The ROE agrees to update its policies to require employees to more clearly state purpose of expenses and how expenses incurred are program-related. The ROE will also update policies to require employees to submit detail portion of all cell phone invoices.

**ANTICIPATED DATE OF COMPLETION:**

Immediate

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-04** – Unallowable cell phone charges

**CONDITION:**

The Regional Superintendent submitted a monthly cell phone bill which included three individual cell phone lines. He indicated that two cell phones were his and the third cell phone was for the Assistant Regional Superintendent. However, auditors called the cell phone number which the Regional Superintendent identified as the one assigned to the Assistant Regional Superintendent. The call was answered by the Regional Superintendent's son who is not an employee of the ROE. The Regional Superintendent's son indicated that this particular cell phone did not belong to the Assistant Regional Superintendent, but was in fact his. Total reimbursement claims submitted by the Regional Superintendent for all three cell phones during the fiscal year were \$4,311.75.

**PLAN:**

The ROE will update its policies to require employees to submit detail portion of all cell phone invoices.

**ANTICIPATED DATE OF COMPLETION:**

Immediate

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-05** – Improper allocation of costs

**CONDITION:**

The ROE has not implemented a cost allocation plan or an approved indirect cost rate to allocate indirect costs in accordance with OMB Circular A-87. The ROE invoices the various grants and programs it administers for central service activities, including support salaries and related benefits, accounting and secretarial services, and space rent based on the grants' budgeted costs (rather than as part of a Cost Allocation Plan). Such salaries and benefits are allowable expenditures under OMB Circular A-87, however, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages is required to be documented in accordance with the provisions of OMB Circular A-87 or be included in the ROE's cost allocation plan. Rent costs are also an allowable expenditure, subject to limitations included in OMB Circular A-87.

**PLAN:**

The ROE will develop a cost allocation plan or an approved indirect cost rate which addresses allowable costs to all applicable programs.

**ANTICIPATED DATE OF COMPLETION:**

Fiscal Year 2007

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-06** – Controls over compliance with laws and regulations

**CONDITION:**

- A. The Franklin/Williamson Counties Regional Office of Education No. 21 did not submit the required reports to its county boards on or before January 1, 2005.
- B. The Franklin/Williamson Counties Regional Office of Education No. 21 did not publish or post in each school building under its jurisdiction, a copy of the Institute Fund report on or before January 1, 2005.
- C. The Regional Superintendent did not notify the board of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amounts of money distributed by him to the school treasurer, with the date of distribution.
- D. The ROE is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. ROE 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 ROE follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

**PLAN:**

- A. FY '06 ROE submitted the required information.
- B. FY '06 ROE posted the required information.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-06 – CONTINUED**

- C. Notice of this requirement was too late to report for FY '06, beginning FY '07 ROE will submit the required information.
  
- D. 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.

**ANTICIPATED DATE OF COMPLETION:**

- A. Completed FY '06
  
- B. Completed FY '06
  
- C. Completed September, 2006
  
- D. To be determined by legislature

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-07** – Lack of and/or inconsistencies in payment authorizations

**CONDITION:**

During our review of 140 expenditures and related vendor invoices, we noted that 5 invoices (4%) were not properly approved for payment by the Superintendent or Program Coordinator. Additionally, in 16 of the 140 (11%) expenditures examined, we noted that it appeared that someone other than the Regional Superintendent initialed the “Authorization for Payment” forms in the space designated for the Superintendent’s approval. This may indicate there were more expenditures not properly approved for payment.

**PLAN:**

Regional Superintendent will properly authorize all vendor invoices and employee reimbursements prior to payment.

**ANTICIPATED DATE OF COMPLETION:**

FY 2006

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2005**

**Corrective Action Plan**

**FINDING 05-08** – Failure to allocate interest earned

**CONDITION:**

The ROE is not currently allocating interest earned from their commingled bank account to each SOF.

**PLAN:**

The ROE will develop a plan to allocate interest earned on commingled funds to each source of funds.

**ANTICIPATED DATE OF COMPLETION:**

FY 2007

**CONTACT PERSON:**

OJ Thompson, Assistant Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
04-01	Lack of pay-rate authorizations and employee evaluations	Repeated.
04-02	Unallowable expenditures	Repeated.
04-03	Lack of supporting documentation	Repeated.
04-04	Questionable travel reimbursements	Not repeated.
04-05	Improper allocation of costs	Repeated.
04-06	Loss of potential revenues	Not repeated.
04-07	Noncompliance with State mandates	Repeated.
04-08	Lack of and/or inconsistencies in payment authorizations	Repeated.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

Franklin/Williamson Counties Regional Office of Education (ROE) No. 21 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 Agency's financial statements, which follow.

ROE No. 21 implemented new reporting standards for fiscal year 2004 with significant changes in content and structure. This report will include the past year's financial activity, along with fiscal year 2005 activity, making comparisons of the financial position and results of operations more meaningful.

**2005 FINANCIAL HIGHLIGHTS**

General Fund balance decreased from \$58,009 in fiscal year 2004 to \$47,280 in fiscal year 2005. General Fund revenues increased from \$178,650 to \$191,895 (excluding on-behalf payments), which is attributable to an increase in state grant revenue and revenues from local sources. General Fund expenditures decreased from \$232,443 to \$202,624 (excluding on-behalf payments) due primarily to a decrease in salaries allocated to this fund and a decrease in interest earned on the Distributive Fund.

**USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE No. 21 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

**Reporting the Franklin/Williamson Counties Regional Office of Education as a Whole**

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE No. 21 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the ROE No. 21 assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

**Fund Financial Statements**

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education No. 21 established other funds to control and manage money for particular purposes.

The Office has three kinds of fund classifications:

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

The governmental fund's required financial statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balances.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

- 2) Proprietary funds account for services for which the Regional Office of Education No. 21 charges fees under a cost-reimbursement method. These fees cover the costs of certain services it provides.

The proprietary fund's required 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.

- 3) Fiduciary funds account for services for which the ROE No. 21 acts as fiscal agent for individuals and private or governmental organizations.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements are included after each fund financial statement.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of financial position. ROE No. 21's net assets at the end of fiscal year 2004 totaled \$1,178,731. At the end of fiscal year 2005, the net assets were \$880,586. The analysis that follows provides a summary of the Office's net assets at June 30, 2005 and 2004.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

**CONDENSED STATEMENT OF NET ASSETS  
June 30, 2005 and 2004**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>ASSETS</b>						
Current assets	\$ 999,934	\$ 683,031	\$ -	\$ 5,093	\$ 999,934	\$ 688,124
Capital assets, net of depreciation	<u>382,206</u>	<u>634,745</u>	<u>-</u>	<u>-</u>	<u>382,206</u>	<u>634,745</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,382,140</b></u>	<u><b>\$ 1,317,776</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 5,093</b></u>	<u><b>\$ 1,382,140</b></u>	<u><b>\$ 1,322,869</b></u>
<b>LIABILITIES</b>						
Current liabilities	<u>\$ 501,554</u>	<u>\$ 139,045</u>	<u>\$ -</u>	<u>\$ 5,093</u>	<u>\$ 501,554</u>	<u>\$ 144,138</u>
<b>TOTAL LIABILITIES</b>	<u><b>501,554</b></u>	<u><b>139,045</b></u>	<u><b>-</b></u>	<u><b>5,093</b></u>	<u><b>501,554</b></u>	<u><b>144,138</b></u>
<b>NET ASSETS</b>						
Investments in capital assets, net of related debt	382,206	634,745	-	-	382,206	634,745
Unrestricted	<u>498,380</u>	<u>543,986</u>	<u>-</u>	<u>-</u>	<u>498,380</u>	<u>543,986</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 880,586</b></u>	<u><b>\$ 1,178,731</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 880,586</b></u>	<u><b>\$ 1,178,731</b></u>

The Regional Office of Education's net assets decreased by \$298,145 from Fiscal Year 2004 to Fiscal Year 2005. This decrease occurred as a result of depreciation expense on the Office's significant amount of fixed assets.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

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

**CHANGES IN NET ASSETS  
For the Years Ended June 30, 2005 and 2004**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 46,865	\$ 47,516	\$ 122,633	\$ 163,180	\$ 169,498	\$ 210,696
Operating grants & contributions	<u>2,916,216</u>	<u>2,796,694</u>	<u>-</u>	<u>-</u>	<u>2,916,216</u>	<u>2,796,694</u>
Total Program revenues	<u>2,963,081</u>	<u>2,844,210</u>	<u>122,633</u>	<u>163,180</u>	<u>3,085,714</u>	<u>3,007,390</u>
General revenues:						
Local sources	209,348	360,694	-	-	209,348	360,694
On-behalf payments	439,079	484,033	-	-	439,079	484,033
Investment income	<u>10,358</u>	<u>19,385</u>	<u>-</u>	<u>-</u>	<u>10,358</u>	<u>19,385</u>
Total General revenues	<u>658,785</u>	<u>864,112</u>	<u>-</u>	<u>-</u>	<u>658,785</u>	<u>864,112</u>
Total Revenues	<u>3,621,866</u>	<u>3,708,322</u>	<u>122,633</u>	<u>163,180</u>	<u>3,744,499</u>	<u>3,871,502</u>
Expenses:						
Salaries	1,587,286	1,618,887	-	-	1,587,286	1,618,887
Benefits	324,277	358,095	-	-	324,277	358,095
Purchased services	653,004	655,400	-	-	653,004	655,400
Supplies and materials	148,472	174,215	-	-	148,472	174,215
Depreciation	302,417	409,994	-	-	302,417	409,994
Capital outlay	35,810	105,512	-	-	35,810	105,512
Other	84,890	87,862	122,633	163,180	207,523	251,042
Transfers-payments to other governmental units	344,776	301,499	-	-	344,776	301,499
Bad debts expense	-	35,594	-	-	-	35,594
On-behalf payments	<u>439,079</u>	<u>484,033</u>	<u>-</u>	<u>-</u>	<u>439,079</u>	<u>484,033</u>
Total expenses	<u>3,920,011</u>	<u>4,231,091</u>	<u>122,633</u>	<u>163,180</u>	<u>4,042,644</u>	<u>4,394,271</u>
Change in net assets	(298,145)	(522,769)	-	-	(298,145)	(522,769)
Net assets – beginning	<u>1,178,731</u>	<u>1,701,500</u>	<u>-</u>	<u>-</u>	<u>1,178,731</u>	<u>1,701,500</u>
Net assets – ending	<u>\$ 880,586</u>	<u>\$ 1,178,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 880,586</u>	<u>\$ 1,178,731</u>

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

**Governmental Activities**

Revenues for governmental activities were \$3,621,866 and expenses were \$3,667,472. In a difficult budget year, the Regional Office of Education No. 21 was able to use some of the carryover balances to pay for the additional services offered to and needed by local school districts.

**Business-Type Activities**

Revenues and expenses for the Regional Office of Education No. 21's business-type activities decreased from the prior fiscal year due to the billings being sent out earlier in fiscal year 2004 than in fiscal year 2005.

**Financial Analysis of the Regional Office of Education No. 21 Funds**

As previously noted, the Regional Office of Education No. 21 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's governmental funds reported combined fund balances of \$498,380, below last year's ending fund balance of \$543,986. The primary reason for the decrease in combined fund balances in fiscal year 2005 was due to a decrease in interest earned on the Distributive Fund due to school districts no longer using the Office as a fiscal agent, as well as, the decreased use of the Office as a technical resource. School districts have continued to increase the hiring of their own computer technicians and no longer need the assistance of the ROE.

**Governmental Fund Highlights**

- The dollar return on investments was reduced because of low interest rates.
- In 2003, the Governor of the State of Illinois line item vetoed a portion of the state financial support for school services. This veto resulted in a reduction in dollars received. This reduction in funding continued for 2004-2005.

**Budgetary Highlights**

The Regional Office of Education No. 21 annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

**Capital Assets**

Capital Assets of the Regional Office of Education No. 21 include office equipment, computers, audio-visual equipment, office furniture, and a building. The Regional Office of Education No. 21 maintains an inventory of capital assets, which have been accumulated over time. The decrease for fiscal year 2005 was a result of not receiving grant monies to purchase new equipment and the depreciation of existing assets. There were no dispositions during the fiscal year. The Regional Office of Education No. 21's ending net asset balance for fiscal year 2005 is \$382,206, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note No. 4 to the financial statements.

**Economic Factors And Next Year's Budget**

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

- The State of Illinois Foundation level has increased to \$5,164 per student.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or at previous funding levels. In addition, the School Services funding levels have been reduced.
- The number of students served by the Regional Office of Education No. 21 is expected to increase.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education No. 21 at 202 W. Main, Benton, IL 62812.

## BASIC FINANCIAL STATEMENTS

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 861,643	\$ -	\$ 861,643
Accounts receivable	5,297	-	5,297
Due from Illinois State Board of Education	6,757	-	6,757
Due from other governments	59,220	67,017	126,237
Internal balances	67,017	(67,017)	-
Total current assets	<u>999,934</u>	<u>-</u>	<u>999,934</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, net of depreciation	<u>382,206</u>	<u>-</u>	<u>382,206</u>
<b>TOTAL ASSETS</b>	<u>1,382,140</u>	<u>-</u>	<u>1,382,140</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	170,611	-	170,611
Due to other governments	13,830	-	13,830
Deferred revenue	317,113	-	317,113
Total current liabilities	<u>501,554</u>	<u>-</u>	<u>501,554</u>
<b>TOTAL LIABILITIES</b>	<u>501,554</u>	<u>-</u>	<u>501,554</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	382,206	-	382,206
Unrestricted	<u>498,380</u>	<u>-</u>	<u>498,380</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 880,586</u>	<u>\$ -</u>	<u>\$ 880,586</u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2005**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT</b>						
Governmental Activities:						
Instructional Services:						
Salaries	\$ 1,587,286	\$ -	\$ 1,470,431	\$ (116,855)	-	\$ (116,855)
Benefits	324,277	-	298,939	(25,338)	-	(25,338)
Purchased services	653,004	2,479	585,295	(65,230)	-	(65,230)
Supplies and materials	148,472	5,150	137,953	(5,369)	-	(5,369)
Depreciation	302,417	-	-	(302,417)	-	(302,417)
Capital outlay	35,810	-	74,930	39,120	-	39,120
Other	84,890	39,236	10,674	(34,980)	-	(34,980)
Transfers - payments to other governmental units	344,776	-	337,994	(6,782)	-	(6,782)
Administrative:						
On-behalf payments	439,079	-	-	(439,079)	-	(439,079)
Total Governmental Activities	3,920,011	46,865	2,916,216	(956,930)	-	(956,930)
Business-type Activities:						
Other	122,633	122,633	-	-	-	-
Total Business-type Activities	122,633	122,633	-	-	-	-
Total Primary Government	\$ 4,042,644	\$ 169,498	\$ 2,916,216	(956,930)	-	(956,930)
General Revenues:						
				Local sources	-	209,348
				On-behalf payments	-	439,079
				Investment income	-	10,358
				Total General Revenues	-	658,785
				Change in net assets	(298,145)	(298,145)
				Net Assets - beginning	1,178,731	1,178,731
				Net Assets - ending	\$ 880,586	\$ 880,586

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2005**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 59,707	\$ 677,551	\$ 121,364	\$ 3,021	\$ 861,643
Accounts receivable	5,297	-	-	-	5,297
Due from Illinois State Board of Education	-	6,757	-	-	6,757
Due from other governments	-	59,220	-	-	59,220
Due from other funds	26,208	118,483	-	-	144,691
	<u>\$ 91,212</u>	<u>\$ 862,011</u>	<u>\$ 121,364</u>	<u>\$ 3,021</u>	<u>\$ 1,077,608</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 170,611	\$ -	\$ -	\$ 170,611
Due to other governments	13,625	205	-	-	13,830
Due to other funds	26,208	38,051	1,618	11,797	77,674
Deferred revenue	4,099	299,550	13,464	-	317,113
	<u>43,932</u>	<u>508,417</u>	<u>15,082</u>	<u>11,797</u>	<u>579,228</u>
Total liabilities					
<b>FUND BALANCE</b>					
Unreserved and undesignated					
General fund	47,280	-	-	-	47,280
Special revenue funds	-	353,594	106,282	(8,776)	451,100
	<u>47,280</u>	<u>353,594</u>	<u>106,282</u>	<u>(8,776)</u>	<u>498,380</u>
Total fund balance					
	<u>\$ 91,212</u>	<u>\$ 862,011</u>	<u>\$ 121,364</u>	<u>\$ 3,021</u>	<u>\$ 1,077,608</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>					

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2005**

Total fund balances - governmental funds	\$ 498,380
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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.	382,206
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Net assets of governmental activities	\$ 880,586
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The notes to the financial statements are an integral part of this statement.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2005**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 112,543	\$ 96,805	\$ 37,294	\$ 9,571	\$ 256,213
State sources	68,994	1,261,202	-	2,600	1,332,796
Federal sources	-	1,583,420	-	-	1,583,420
Interest income	10,358	-	-	-	10,358
On-behalf payments	439,079	-	-	-	439,079
<b>Total revenues</b>	<b>630,974</b>	<b>2,941,427</b>	<b>37,294</b>	<b>12,171</b>	<b>3,621,866</b>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries	78,437	1,508,849	-	-	1,587,286
Benefits	15,298	308,979	-	-	324,277
Purchased services	58,740	592,934	2	1,328	653,004
Supplies and materials	3,452	140,261	-	4,759	148,472
Capital outlay	8,244	77,444	-	-	85,688
Other	38,453	28,285	16,677	1,475	84,890
Transfers - payments to other governmental units	-	344,776	-	-	344,776
On-behalf payments made	439,079	-	-	-	439,079
<b>Total expenditures</b>	<b>641,703</b>	<b>3,001,528</b>	<b>16,679</b>	<b>7,562</b>	<b>3,667,472</b>
Net change in fund balances	(10,729)	(60,101)	20,615	4,609	(45,606)
FUND BALANCE, BEGINNING OF YEAR	58,009	413,695	85,667	(13,385)	543,986
FUND BALANCE, END OF YEAR	<u>\$ 47,280</u>	<u>\$ 353,594</u>	<u>\$ 106,282</u>	<u>\$ (8,776)</u>	<u>\$ 498,380</u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2005**

Net change in fund balances	\$ (45,606)
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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	\$ 49,878	
Depreciation expense	<u>(302,417)</u>	<u>(252,539)</u>

Change in net assets of governmental activities	<u>\$ (298,145)</u>
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The notes to the financial statements are an integral part of this statement.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**

	Business-type Activities Enterprise Funds
	Paper Bid
Assets	
Current assets	
Cash and cash equivalents	\$ -
Due from other governments	67,017
Total current assets	67,017
Total Assets	67,017
Liabilities and Net Assets	
Liabilities	
Accounts payable	-
Due to other funds	67,017
Total Liabilities	67,017
Net Assets	
Unrestricted (Deficit)	\$ -

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2005**

	<u>Business-type Activities Enterprise Funds</u>
	<u>Paper Bid</u>
Operating revenues	
Local sources	<u>\$ 122,633</u>
Operating expenses	
Supplies and materials	<u>122,633</u>
Change in Net Assets	-
Net Assets, Beginning of year	<u>-</u>
Net Assets, End of year	<u><u>\$ -</u></u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2005**

	Business-type Activities Enterprise Funds
	Paper Bid
Cash Flows from Operating Activities:	
Receipts from customers	\$ 122,633
Payments to suppliers and providers of goods and services	(122,633)
Net cash from operating activities	-
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - Beginning of year	-
Cash and cash equivalents - End of year	\$ -
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ -
Adjustments to reconcile operating income to net cash from operating activities:	
(Increase)/Decrease in assets:	
Due from other governments	(15,233)
Increase/(Decrease) in liabilities:	
Accounts payable	(5,093)
Due to other funds	20,326
Net Cash from operating activities	\$ -

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2005**

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 38,771
Due from Illinois State Board of Education	4,533
<b>TOTAL ASSETS</b>	<b>\$ 43,304</b>
 <b>LIABILITIES</b>	
Due to other governments	\$ 43,304
<b>TOTAL LIABILITIES</b>	<b>\$ 43,304</b>

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

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Franklin/Williamson Counties Regional Office of Education No. 21 (ROE) substantially comply with the rules prescribed by the Illinois State Board of Education (ISBE). These accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The Regional Superintendent is responsible for supervision and control of school districts within Region No. 21. This includes all aspects of supervision, reports and financial accounting of districts which are considered by state law to be in the Franklin and Williamson County Service Region. In addition, the Regional Superintendent is charged with the 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 teachers 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 region'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.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

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 ROE 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 Region No. 21.

The ROE also acts as the administrative agent for the Franklin County Regional Delivery System (a joint agreement). As administrative agent, the ROE is responsible for the receipt and distribution of the System's funding, as well as all necessary reporting requirements for the Illinois State Board of Education and other granting agencies.

The ROE reporting entity includes all related organizations for which they exercise oversight responsibility.

The ROE 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 ROE 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 ROE does not control the assets, operations, or management of the districts or joint agreements. In addition, the ROE is not aware of any entity, which would exercise such oversight as to result in the ROE being considered a component unit of the entity.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

Based on this criteria, the expenditures paid through the funds of Franklin and Williamson Counties, for operation of the ROE, are not included in the reporting entity since it is the county boards that authorize, oversee, and control these expenditures.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay current liabilities. The ROE considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of fees charged to school districts for services rendered by the ROE. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Grant funds from the State of Illinois are considered to be earned to the extent of expenditures made under the provisions of the grant. Investment earnings are recorded as earned since they are measurable and available.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the Balance Sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Under the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the ROE 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.

The ROE reports the following major governmental funds:

*General Fund* - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The ROE's General Fund accounts include the following:

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Computer Maintenance – Monies received from local districts for computer maintenance and technical assistance.
- County Budget – Monies received from the Franklin and Williamson County Boards to help support the day to day expenses of the ROE.
- ROE/ISC Operations – Monies received from local and State sources to help support the day to day operating expenses of the ROE.
- Working Cash – Interest received from the Illinois Funds and local bank accounts, as well as other miscellaneous receipts used to support the day to day expenses of the ROE.

*Education Fund* - The Education Fund includes proceeds from specific revenue sources (generally all State and federal grants except Supervisory Expense and ROE/ISC Operations) that are legally restricted to expenditures for specified purposes. The ROE's Education Fund accounts include the following:

- Career Awareness and Development – Offers teachers strategies for integrating career awareness into their daily classroom instruction.
- 21<sup>st</sup> Century Community Learning Centers – Funds received to administer the U.S. Department of Education 21<sup>st</sup> Century Learning Center after school program.
- Exceptional Children Have Opportunities (ECHO) – Funds received for students attending the two alternative schools.
- Education to Careers – A program which sponsored professional development courses and seminars to teachers who work with career awareness programs for students.
- Family Violence – Registration fees from violence prevention workshops.
- Special Education - Grants to States – Provides supplemental services to children to expand community based capacity that allows children to remain in their community.
- Illinois Violence Prevention – Provides training costs and salary for a representative of the Family Violence Coordinating Council to represent the council at meetings in the nine county area of the 1<sup>st</sup> Circuit.
- Substance Abuse Prevention and Treatment Block Grant – The ROE is the administrative agent for the Department of Human Services funded In Touch program which supports prevention professionals trained to assist communities and schools with the knowledge and skills for effective alcohol, tobacco, and other drug prevention.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Scientific Literacy Workshop – Funds include registration fees received from Scientific Literacy workshops.
- McKinney Education for Homeless Children – This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.
- Regional Gifted – Gifted services range from student orientated programs like the Gifted Olympiads, to professional development services such as the Gifted Program Coordinators’ meeting.
- Regional Safe Schools – Provides programs for disruptive students who are eligible for suspension or expulsion. Provides individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.
- Title I - Reading First Part B State Education Agency (SEA) Funds – This program is designed to plan and implement Reading First Academies and provide professional development for teachers in Reading First Schools.
- State Administrative Expenses (SAE) Nutrition Education Loan Library – The program contains nutrition resource materials available for check out to Illinois public schools, daycare facilities, and community groups.
- Scientific Literacy Catalyst – Grant awarded to provide training to teachers on the topic of how to incorporate science in other core curriculums.
- Special Needs – Special Needs fund is a program that was set up to help students meet their needs such as purchasing school supplies, clothing, coats, etc.
- Standards Aligned – The Standards Aligned Classroom initiative helps educators rethink the relationship between assessment and effective schools. It centers on how student achievement is assessed and how the assessment is used in the service of student success.
- Technology Challenge Grant – A federal Technology Innovation Challenge grant that provides professional development opportunities to educators by offering workshops in the areas of developing high quality course curriculum, teaching methodologies, and state-of-the-art technology skills.
- Tech Prep Academy – Program set up to handle registration fees from participants wanting to take professional development workshops.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Test Center – The testing center provides services and technical assistance to schools on matters related to student assessment. Such services include group purchasing of achievement tests, scoring and reporting results of achievement tests, and data interpretation.
- Test Cooperative – A local fund set up to provide assistance with development and scoring of local assessment.
- Title IV - Community Service – The Community Service program is part of the No Child Left Behind Title IV Illinois Community Service Grant. The grant partners students with community service projects to enhance learning through service work.
- Truants Alternative Optional Education Program (TAOEP) – A program devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of students in pursuit of their education development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.
- Williamson County Film Library – Funding for the film library is based on an annual assessment fee from each school district in Williamson County. Funds are used to cover salary and travel expenses for the media assistant.
- Math Professional Development – Provides training for local math teachers using the Materials for Teaching Teachers (M2T2) training program.
- Technology – Enhancing Education – Competitive – Competitive grant awarded to provide scientific literacy workshops to local teachers.
- Area VI Technology Hub – A local fund to track State dollars received through Jackson/Perry ROE No. 30 Area VI South Technology Center program.
- No Child Left Behind – Three year grant to provide training and access to new technology for local teachers.
- Community Technology Center – A grant to create or expand community technology centers that will provide access to information technology and the training to use it and to promote the academic achievement of low-achieving high school students.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Learn and Serve – Grant funds received so that students may create, monitor, and learn from an outdoor classroom at the Project ECHO building.
- System of Support – Grant funds to provide professional development activities to schools that are on Illinois’ Academic Watch List. To be on the list, students in the buildings have made Adequate Yearly Progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.
- Eliminate Digital Divide – Funding received through the Illinois Department of Commerce and Economic Opportunity to provide computer career and job skills through the community technology centers.
- ROE State Grant – Funding received through the ROE #56 in Will County through Department of Commerce and Economic Opportunity as an entitlement based upon 02-03 enrollment.

*Institute Fund* – Used to account for examination, registration and renewal fees and to defray expenses incidental to teacher’s institutes, workshops and professional meetings. The ROE's Institute Fund accounts include the following:

- Certification – Fees received from teachers when registering for their teaching certificates.
- Institute – Funded by teacher registration fees, this fund provides for the professional development needs of the teachers in both public and non-public schools. These funds are also used to support the activities of the local professional development committee and the regional professional development review committee.
- ISO Workshops – Registration fees received from participants attending staff development workshops.
- Network Internet – Monies received are used for computer workshops and trainings and technical support for local districts.
- Local Workshop Prevention – Registration fees from the In Touch Prevention conference.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Additionally, the ROE reports the following fund types:

Governmental

Special Revenue Funds - Special Revenue Funds are used to account for the collection and disbursement of earmarked monies. The ROE's nonmajor Special Revenue Funds include the following:

- Bus Driver Permit – Experienced drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the ROE.
- General Education Development (GED) and GED Scoring – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given once a month in each county. GED scoring fees provide for testing materials and staff salaries.
- Supervisory – Used to account for travel and other expenditures necessary to perform the duty of supervising the school districts in the region.

Proprietary

Proprietary funds account for activities whose costs are funded by fees and charges. These fees and charges are paid by external users for goods or services. The ROE utilizes the following proprietary fund:

- Paper Bid – This program is used to purchase paper in bulk for the schools in order to reduce their costs.

Fiduciary

Agency Funds – Fiduciary funds account for assets held by the ROE in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations. The ROE utilizes the following agency funds:

- Distributive – This fund is used to track the flow-through of monies from the Illinois State Board of Education (ISBE) to recipient Franklin and Williamson County schools.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Franklin County Regional Delivery System (Joint Agreement) – The Franklin County Regional Delivery System consists of six Franklin County high schools whose students generate vocational credits which are reimbursed through a CTE grant and Perkins grant. The systems’ governing board consists of the six superintendents and the ROE Superintendent who hires a system director, special population’s coordinator, and technical preparation director who oversees the compliance with the grants and distribution of grant allocations.

D. Budgetary Data

The grant budgets are submitted to grantor agencies for approval and funding; however, no legal budget is required or adopted. A funding agreement is entered into upon approval of the budget by the grantor. Any subsequent budget revisions must be approved by the grantor. The following accounts prepare budgets:

ROE/ISC Operations	Standards Aligned
21 <sup>st</sup> Century Community Learning Centers	Technology Challenge Grant
Education to Careers	TAOEP
McKinney Education for Homeless Children	Technology – Enhancing Education – Competitive
Regional Safe Schools	Area VI Technology Hub
Title I - Reading First Part B SEA Funds	Community Technology Center
SAE Nutrition Education Loan Library	

Budgets for the other funds of the ROE are not legally required and have not been prepared. Accordingly, no actual to budget comparison is included in the basic financial statements. The actual to budget comparisons are prepared on the modified accrual basis of accounting.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Cash and Cash Equivalents

Cash consists of demand deposits. For purposes of the Statement of Cash Flows, the ROE considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value using quoted market prices at June 30, 2005.

G. Due From Other Governments

Due from other governmental units and agencies is reported at gross with no allowance for uncollectibles since management believes the amount of any uncollectible accounts is immaterial.

H. Capital Assets

Capital assets, which include buildings and furniture and equipment, are reported in the applicable governmental column in the government-wide financial statements. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The ROE records all capital items, which are individually greater than \$500, with a useful life of greater than one year, as fixed assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	3-7
Buildings	40

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Accrued Absences

Compensated absences do not vest or accumulate and are recorded as expenditures when paid.

J. Fund Equity

In the government-wide financial statements fund equity is displayed in three components:

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

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

L. New Accounting Pronouncement

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

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

2. DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the ROE to invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

Bank Deposits

At June 30, 2005, the government-wide and agency fund's carrying amounts of the ROE's various bank deposits totaled \$861,643 and \$38,771, respectively. The bank balances totaled \$1,483,674. Included in the bank balance is \$36,724 invested in the Illinois Funds.

*Custodial Credit Risk* - Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. The ROE does not have a formal investment policy to guard against custodial credit risk for deposits with financial institutions.

Investments

The ROE does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

*Custodial Credit Risk* - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the ROE will not be able to recover the value of its investments that are in possession of an outside party.

*Interest Rate Risk* - The ROE invests solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

*Credit Risk* - The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poors upon the request of the Fund's management. The most recent money market rating issued by Standard and Poors was AAAM. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

3. COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all Regional Office of Education No. 21 funds. Certain funds maintain their uninvested cash balance in a common checking account with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

4. CAPITAL ASSETS

Governmental Activities

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

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Furniture and equipment	\$2,484,738	\$ 49,878	\$ -	\$ 2,534,616
Building	47,000	-	-	47,000
Less accumulated depreciation for:				
Furniture and equipment	1,891,118	301,242	-	2,192,360
Building	<u>5,875</u>	<u>1,175</u>	<u>-</u>	<u>7,050</u>
Total capital assets, net of accumulated depreciation	<u>\$ 634,745</u>	<u>\$ (252,539)</u>	<u>\$ -</u>	<u>\$ 382,206</u>

Depreciation was charged to the Instructional Services activity.

5. EMPLOYEE'S RETIREMENT PLANS

The Regional Office of Education No. 21 participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Employees, other than teachers, who meet prescribed annual hourly standards, are members of IMRF.

A. 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.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE'S RETIREMENT PLANS – Continued

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

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

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

In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The 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 ROE's TRS-covered employees:

- **On Behalf Contributions**  
The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2005, State of Illinois contributions were based on 11.76 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$151,540 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 (\$181,637) and 13.01 percent (\$167,892), respectively.

The ROE makes three other types of employer contributions directly to TRS

- **2.2 Formula Contributions**  
For the years ended June 30, 2005, and June 30, 2004, employers contributed .58 percent of creditable earnings for the 2.2 formula change. Contributions for the years ending June 30, 2005, and June 30, 2004 were \$6,498 and \$6,560, respectively. For the year ended June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. Contributions for the year ended June 30, 2003 were \$2,020.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE'S RETIREMENT PLANS – Continued

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

- **Federal and Trust Fund Contributions**  
When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the ROE 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 \$294,882 were paid from federal and trust funds that required employer contributions of \$30,963. For the years ended June 30, 2004, and June 30, 2003, required ROE contributions were \$40,609 and \$41,544, respectively.
- **Early Retirement Option**  
The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the year ended June 30, 2005, the ROE paid \$-0- for employer contributions under the Early Retirement Option. For the years ended June 30, 2004 and June 30, 2003, the ROE made no payments under the Early Retirement Option.

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

- **Active Member Contributions**  
The active member contribution rate will increase from the current 9 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 fiscal year 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in fiscal year 2006 will be 7.06 percent, a decrease from the current 10.50 percent.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE'S RETIREMENT PLANS – Continued

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

New Employer Contributions

- Salary increases over 6 percent  
If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.
- Sick leave in excess of normal allotment  
If employers grant sick leave near retirement in excess of the normal annual allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The Act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.

Early Retirement Option

In addition to changes described above, the following changes were made to ERO:

- Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the members highest salary used in the calculation of the 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 on June 30, 2005.
- A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007.
- Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2004. The report for the year ended June 30, 2005 is expected to be available in late 2005. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at [www.trs.state.il.us](http://www.trs.state.il.us).

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE'S RETIREMENT PLANS – Continued

B. Illinois Municipal Retirement Fund

The ROE'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 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. That 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. TAOEP is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 8.21 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 5 years.

For December 31, 2004, ROE's annual pension cost of \$54,804 was equal to the ROE'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 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE’S RETIREMENT PLANS – Continued

Trend Information – IMRF

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/04	\$ 54,804	100%	\$0
12/31/03	46,751	100	0
12/31/02	41,104	100	0

Digest of Changes

Assumptions

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.

6 INTERFUND RECEIVABLES/PAYABLES

Funds periodically borrow from other funds to cover temporary cash shortages. These loans are usually paid in full within a few months. No interest is charged on the loans outstanding. Following is a summary of the outstanding amounts due from (to) other funds as of June 30, 2005:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 26,208	\$ 26,208
Education Fund	118,483	38,051
Institute Fund	-	1,618
Non-major Special Revenue Fund	-	11,797
Enterprise Fund	-	67,017
Total	<u>\$ 144,691</u>	<u>\$ 144,691</u>

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

7. DUE TO/FROM OTHER GOVERNMENTS

A summary of amounts due from other governments from agency and special revenue funds at June 30, 2005 follows:

Education Fund:	
Illinois State Board of Education	\$ 6,757
U.S. Department of Education	8,666
Illinois Department of Human Services	14,334
School Districts	18,499
ROE – Jackson - Perry Counties	13,188
Franklin County Regional Delivery System	<u>4,533</u>
Total Education Fund	<u>65,977</u>
Enterprise Fund:	
School Districts	<u>67,017</u>
Agency Funds:	
Illinois State Board of Education	<u>4,533</u>
Total	<u>\$ 137,527</u>

A summary of amounts due to other governments from agency and special revenue funds at June 30, 2005 follows:

General Fund:	
Southern Illinois University	\$ <u>13,625</u>
Education Fund:	
Illinois State Board of Education	<u>205</u>
Agency Funds:	
Regional Office of Education No. 21	4,533
Illinois State Board of Education	3,332
School Districts	<u>35,439</u>
Total Agency Funds	<u>43,304</u>
Total	<u>\$ 57,134</u>

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. RISK MANAGEMENT

The ROE 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. Insurance to cover these risks is provided through Franklin and Williamson Counties. Claims from these risks have not exceeded commercial insurance coverage during the current fiscal year and the previous two fiscal years.

9. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which over-expended appropriations during the year are required to be disclosed.

The following funds had a deficit fund balance at June 30, 2005:

General Fund:	
County Budget	\$ 26,208
ROE/ISC Operations	1,828
Education Fund:	
SAE Nutrition Education Loan Library	3
Scientific Literacy Catalyst	1,502
Title IV – Community Service	10
Area VI Technology Hub	63
Learn and Serve	46
ROE State Grant	1
Institute Fund:	
Certification	1,618
Institute	12,445
Nonmajor Special Revenue Funds	
General Education Development	9,279

10. DISTRIBUTIVE FUND INTEREST

A written agreement between the Regional Office of Education No. 21’s school boards, which receive funds through the Regional Office of Education No. 21, and the Regional Office of Education No. 21, provide for the retention of interest earned on the State Distributive Fund checking account by the Regional Superintendent to be used for office operations. During the year, interest earnings of \$2,033, which had not yet been distributed at June 30, 2005, were recorded in the General Fund.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

11. ON-BEHALF SALARIES AND BENEFITS

As previously noted, the State of Illinois makes employer pension contributions on behalf of the ROE. The salaries, benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The amounts paid by the State of Illinois are as follows:

Regional Superintendent salary	\$ 88,539
Regional Superintendent benefits (Includes State paid insurance)	16,418
Assistant Regional Superintendent salary	79,686
Assistant Regional Superintendent benefits	<u>1,155</u>
Total	<u>\$ 185,798</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.

Franklin and Williamson Counties provide the Regional Office of Education No. 21 with staff on behalf of the Regional Office of Education No. 21. The expenditures paid on the Regional Office of Education No. 21's behalf for the year ended June 30, 2005, were as follows:

Salaries	\$ 79,542
Benefits	<u>22,199</u>
Total	<u>\$ 101,741</u>

These awards are included in the financial statements of the General Revenue Fund as on-behalf payments. In addition to the \$185,798 and \$101,741 above, on-behalf payments include \$151,540 for TRS contributions for other employees, for a total of \$439,079 for the year ended June 30, 2005.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

12. LEASES

The ROE leased office space for their Herrin satellite location and office equipment during the fiscal year. In September 2004, the ROE entered into a 5-year lease agreement to relocate their Marion satellite location to Herrin with \$2,200 monthly rent payments for the first year and \$2,500 monthly rent payments for the remaining term. Future minimum rental payments under noncancellable operating leases are as follows:

2006	\$ 44,940
2007	31,295
2008	30,000
2009	30,000
2010	<u>5,000</u>
Total	<u>\$ 141,235</u>

Rent expense for the year ended June 30, 2005 was \$41,144.

13. CONTINGENCIES

Federal and State Grants Compliance

In the normal course of operations, the Regional Office of Education No. 21 receives grants from various State and federal agencies. The grant programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting of funds. The Regional Office of Education No. 21 is aware of certain instances of noncompliance with these provisions which may create liabilities when audited by the granting agencies.

Instances of noncompliance noted in the audit for the fiscal years ending June 30, 2003 and 2004 that have not yet been resolved, include findings 03-03 and 04-01 (repeated as current year finding 05-01), 03-04 and 04-02 (repeated as current year finding 05-02), 03-05 and 04-03 (repeated as current year finding 05-03), 03-10 and 04-05 (repeated as current year finding 05-05), 04-07 (repeated as current year finding 05-06), and 04-08 (repeated as current year finding 05-07).

Additional instances of noncompliance that were in the current audit for the fiscal year ending June 30, 2005 include findings 05-04 and 05-08.

The ROE has not recorded any liabilities in its financial statements for the year ended June 30, 2005 related to instances of noncompliance detailed in the findings noted above.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Other than Management's Discussion and Analysis)

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ILLINOIS MUNICIPAL RETIREMENT FUND - SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2005**

(See Accompanying Independent Auditors' Report)

**IMRF**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2004	\$ 648,182	\$ 730,857	\$ 82,675	88.69%	\$ 495,517	16.68 %
12/31/2003	560,337	654,363	94,026	85.63%	499,476	18.82 %
12/31/2002	498,170	560,406	62,236	88.89%	517,681	12.02 %
12/31/2001	435,077	450,254	15,177	96.63%	500,248	3.03 %
12/31/2000	346,026	333,073	(12,953)	103.89%	487,568	(2.66)%
12/31/1999	254,872	240,820	(14,052)	105.84%	441,991	(3.18)%

On a market basis, the actuarial value of assets as of December 31, 2004 is \$649,359. On a market basis, the funded ratio would be 88.85%.

SUPPLEMENTAL INFORMATION

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	<u>Computer Maintenance</u>	<u>County Budget</u>	<u>ROE/ISC Operations</u>	<u>Working Cash</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 46,180	\$ -	\$ 2,271	\$ 11,256	\$ 59,707
Accounts receivable	-	-	-	5,297	5,297
Due from other funds	<u>26,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,208</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 72,388</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,271</u></u>	<u><u>\$ 16,553</u></u>	<u><u>\$ 91,212</u></u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Due to other governments	\$ -	\$ -	\$ -	\$ 13,625	\$ 13,625
Due to other funds	-	26,208	-	-	26,208
Deferred revenue	<u>-</u>	<u>-</u>	<u>4,099</u>	<u>-</u>	<u>4,099</u>
<b>Total Liabilities</b>	<u>-</u>	<u>26,208</u>	<u>4,099</u>	<u>13,625</u>	<u>43,932</u>
<b>Fund Balance (Deficit)</b>					
Unreserved and undesignated	<u>72,388</u>	<u>(26,208)</u>	<u>(1,828)</u>	<u>2,928</u>	<u>47,280</u>
<b>Total Fund Balance (Deficit)</b>	<u>72,388</u>	<u>(26,208)</u>	<u>(1,828)</u>	<u>2,928</u>	<u>47,280</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 72,388</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,271</u></u>	<u><u>\$ 16,553</u></u>	<u><u>\$ 91,212</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	<u>Computer Maintenance</u>	<u>County Budget</u>	<u>ROE/ISC Operations</u>	<u>Working Cash</u>	<u>Total</u>
Revenues					
Local sources	\$ 14,553	\$ 6,324	\$ -	\$ 91,666	\$ 112,543
State sources	-	-	68,994	-	68,994
Interest income	-	-	-	10,358	10,358
On-behalf payments	-	-	439,079	-	439,079
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	14,553	6,324	508,073	102,024	630,974
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures					
Salaries	15,552	-	44,641	18,244	78,437
Benefits	2,594	-	5,615	7,089	15,298
Purchased services	-	6,725	17,804	34,211	58,740
Supplies and materials	-	154	934	2,364	3,452
Capital outlay	-	-	-	8,244	8,244
Other	-	-	-	38,453	38,453
On-behalf payments	-	-	439,079	-	439,079
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	18,146	6,879	508,073	108,605	641,703
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(3,593)	(555)	-	(6,581)	(10,729)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance (deficit), Beginning of year	75,981	(25,653)	(1,828)	9,509	58,009
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance (deficit), End of year	\$ 72,388	\$ (26,208)	\$ (1,828)	\$ 2,928	\$ 47,280
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**ROE/ISC OPERATIONS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ 68,994	\$ 68,994	\$ 68,994	\$ -
On-behalf payments from State	-	-	439,079	439,079
Total revenues	68,994	68,994	508,073	439,079
<b>EXPENDITURES</b>				
Salaries	44,939	44,939	44,641	298
Benefits	5,605	5,605	5,615	(10)
Purchased services	18,160	18,160	17,804	356
Supplies and materials	290	290	934	(644)
On-behalf payments made to State	-	-	439,079	(439,079)
Total expenditures	68,994	68,994	508,073	(439,079)
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1,828)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (1,828)	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2005**

	Career Awareness & Development	21st Century Community Learning Centers	ECHO	Education to Careers	Family Violence	Special Education - Grants to States
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8	\$ 2,228	\$ 1,348	\$ -	\$ 276	\$ 4,837
Due from Illinois State Board of Education	-	-	6,456	-	-	-
Due from other governments	-	-	4,533	-	-	-
Due from other funds	-	-	118,483	-	-	-
	-	-	118,483	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8</b>	<b>\$ 2,228</b>	<b>\$ 130,820</b>	<b>\$ -</b>	<b>\$ 276</b>	<b>\$ 4,837</b>
 <b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	4,837
	-	-	-	-	-	4,837
<b>Total Liabilities</b>	-	-	-	-	-	4,837
 <b>Fund Balance (Deficit)</b>						
Unreserved and undesignated	8	2,228	130,820	-	276	-
<b>Total Fund Balance (Deficit)</b>	<b>8</b>	<b>2,228</b>	<b>130,820</b>	<b>-</b>	<b>276</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 8</b>	<b>\$ 2,228</b>	<b>\$ 130,820</b>	<b>\$ -</b>	<b>\$ 276</b>	<b>\$ 4,837</b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2005**

	Illinois Violence Prevention	Substance Abuse Prevention & Treatment Block Grant	Scientific Literacy Workshop	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Title I - Reading First Part B SEA Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 419	\$ -	\$ 13,715	\$ -	\$ 18,045	\$ 126,834	\$ 1,868
Due from Illinois State Board of Education	-	-	-	-	-	-	-
Due from other governments	-	14,334	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
	<u>\$ 419</u>	<u>\$ 14,334</u>	<u>\$ 13,715</u>	<u>\$ -</u>	<u>\$ 18,045</u>	<u>\$ 126,834</u>	<u>\$ 1,868</u>
<b>TOTAL ASSETS</b>	<u>\$ 419</u>	<u>\$ 14,334</u>	<u>\$ 13,715</u>	<u>\$ -</u>	<u>\$ 18,045</u>	<u>\$ 126,834</u>	<u>\$ 1,868</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	205	-
Due to other funds	-	14,334	-	-	-	-	-
Deferred revenue	29	-	-	-	-	-	1,668
	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668</u>
<b>Total Liabilities</b>	<u>29</u>	<u>14,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205</u>	<u>1,668</u>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	390	-	13,715	-	18,045	126,629	200
	<u>390</u>	<u>-</u>	<u>13,715</u>	<u>-</u>	<u>18,045</u>	<u>126,629</u>	<u>200</u>
<b>Total Fund Balance (Deficit)</b>	<u>390</u>	<u>-</u>	<u>13,715</u>	<u>-</u>	<u>18,045</u>	<u>126,629</u>	<u>200</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 419</u>	<u>\$ 14,334</u>	<u>\$ 13,715</u>	<u>\$ -</u>	<u>\$ 18,045</u>	<u>\$ 126,834</u>	<u>\$ 1,868</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2005**

	SAE Nutrition Education Loan Library	Scientific Literacy Catalyst	Special Needs	Standards Aligned	Technology Challenge Grant	Tech Prep Academy	Test Center
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 695	\$ 17	\$ -	\$ 341	\$ 24,544
Due from Illinois State Board of Education	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	6,445	-	18,499
Due from other funds	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 695</b>	<b>\$ 17</b>	<b>\$ 6,445</b>	<b>\$ 341</b>	<b>\$ 43,043</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-	-
Due to other funds	3	1,502	-	-	6,445	-	-
Deferred revenue	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>3</b>	<b>1,502</b>	<b>-</b>	<b>-</b>	<b>6,445</b>	<b>-</b>	<b>-</b>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	(3)	(1,502)	695	17	-	341	43,043
<b>Total Fund Balance (Deficit)</b>	<b>(3)</b>	<b>(1,502)</b>	<b>695</b>	<b>17</b>	<b>-</b>	<b>341</b>	<b>43,043</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 695</b>	<b>\$ 17</b>	<b>\$ 6,445</b>	<b>\$ 341</b>	<b>\$ 43,043</b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2005**

	<u>Test Cooperative</u>	<u>Title IV - Community Service</u>	<u>TAOEP</u>	<u>Williamson County Film Library</u>	<u>Math Professional Development</u>	<u>Technology - Enhancing Education - Competitive</u>	<u>Area VI Technology Hub</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,305	\$ -	\$ -	\$ 3,411	\$ 2,590	\$ 442,121	\$ 20,334
Due from Illinois State Board of Education	-	-	-	-	-	-	-
Due from other governments	-	-	13,188	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,305</u>	<u>\$ -</u>	<u>\$ 13,188</u>	<u>\$ 3,411</u>	<u>\$ 2,590</u>	<u>\$ 442,121</u>	<u>\$ 20,334</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,611	\$ -
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	10	13,188	-	-	-	-
Deferred revenue	-	-	-	-	-	271,510	20,397
<b>Total Liabilities</b>	<u>-</u>	<u>10</u>	<u>13,188</u>	<u>-</u>	<u>-</u>	<u>442,121</u>	<u>20,397</u>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	<u>1,305</u>	<u>(10)</u>	<u>-</u>	<u>3,411</u>	<u>2,590</u>	<u>-</u>	<u>(63)</u>
<b>Total Fund Balance (Deficit)</b>	<u>1,305</u>	<u>(10)</u>	<u>-</u>	<u>3,411</u>	<u>2,590</u>	<u>-</u>	<u>(63)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,305</u>	<u>\$ -</u>	<u>\$ 13,188</u>	<u>\$ 3,411</u>	<u>\$ 2,590</u>	<u>\$ 442,121</u>	<u>\$ 20,334</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2005**

	No Child Left Behind	Community Technology Center	Learn and Serve	System of Support	Eliminate Digital Divide	ROE State Grant	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 11,506	\$ 1,109	\$ -	\$ 677,551
Due from Illinois State Board of Education	-	-	301	-	-	-	6,757
Due from other governments	-	2,221	-	-	-	-	59,220
Due from other funds	-	-	-	-	-	-	118,483
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 2,221</b>	<b>\$ 301</b>	<b>\$ 11,506</b>	<b>\$ 1,109</b>	<b>\$ -</b>	<b>\$ 862,011</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,611
Due to other governments	-	-	-	-	-	-	205
Due to other funds	-	2,221	347	-	-	1	38,051
Deferred revenue	-	-	-	-	1,109	-	299,550
<b>Total Liabilities</b>	<b>-</b>	<b>2,221</b>	<b>347</b>	<b>-</b>	<b>1,109</b>	<b>1</b>	<b>508,417</b>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	-	-	(46)	11,506	-	(1)	353,594
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>11,506</b>	<b>-</b>	<b>(1)</b>	<b>353,594</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 2,221</b>	<b>\$ 301</b>	<b>\$ 11,506</b>	<b>\$ 1,109</b>	<b>\$ -</b>	<b>\$ 862,011</b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	<u>Career Awareness &amp; Development</u>	<u>21st Century Community Learning Centers</u>	<u>ECHO</u>	<u>Education to Careers</u>	<u>Family Violence</u>	<u>Special Education - Grants to States</u>
<b>Revenues</b>						
Local sources	\$ -	\$ 6,028	\$ 40,090	\$ -	\$ -	\$ -
State sources	-	-	846,015	-	-	26,763
Federal sources	-	348,903	24,478	21,823	-	-
<b>Total revenues</b>	<u>-</u>	<u>354,931</u>	<u>910,583</u>	<u>21,823</u>	<u>-</u>	<u>26,763</u>
<b>Expenditures</b>						
Salaries	-	214,788	554,918	4,000	-	-
Benefits	-	31,710	111,586	515	-	-
Purchased services	-	67,732	195,067	5,876	352	-
Supplies and materials	-	36,342	43,176	11,432	-	-
Capital outlay	-	2,131	3,447	-	-	-
Other	-	-	11,344	-	-	-
Transfers - payments to other governmental units	-	-	60,000	-	-	26,763
<b>Total expenditures</b>	<u>-</u>	<u>352,703</u>	<u>979,538</u>	<u>21,823</u>	<u>352</u>	<u>26,763</u>
<b>Net change in fund balances</b>	-	2,228	(68,955)	-	(352)	-
<b>Fund balance (Deficit), Beginning of year</b>	<u>8</u>	<u>-</u>	<u>199,775</u>	<u>-</u>	<u>628</u>	<u>-</u>
<b>Fund balance (Deficit), End of year</b>	<u>\$ 8</u>	<u>\$ 2,228</u>	<u>\$ 130,820</u>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	Illinois Violence Prevention	Substance Abuse Prevention & Treatment Block Grant	Scientific Literacy Workshop	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Title I - Reading First Part B SEA Funds
<b>Revenues</b>							
Local sources	\$ 390	\$ -	\$ -	\$ -	\$ 10,585	\$ 1,080	\$ 200
State sources	19,802	76,734	-	-	-	176,235	-
Federal sources	-	91,700	-	222,614	-	49,881	13,171
<b>Total revenues</b>	<u>20,192</u>	<u>168,434</u>	<u>-</u>	<u>222,614</u>	<u>10,585</u>	<u>227,196</u>	<u>13,371</u>
<b>Expenditures</b>							
Salaries	12,595	118,182	-	58,160	-	173,839	-
Benefits	1,152	27,370	-	15,261	-	34,010	-
Purchased services	4,734	16,861	-	8,339	-	21,754	6,178
Supplies and materials	1,321	4,031	-	7,542	-	4,293	6,993
Capital outlay	-	1,990	-	977	-	-	-
Other	-	-	-	-	9,376	-	-
Transfers - payments to other governmental units	-	-	-	132,335	-	-	-
<b>Total expenditures</b>	<u>19,802</u>	<u>168,434</u>	<u>-</u>	<u>222,614</u>	<u>9,376</u>	<u>233,896</u>	<u>13,171</u>
<b>Net change in fund balances</b>	390	-	-	-	1,209	(6,700)	200
<b>Fund balance (Deficit), Beginning of year</b>	<u>-</u>	<u>-</u>	<u>13,715</u>	<u>-</u>	<u>16,836</u>	<u>133,329</u>	<u>-</u>
<b>Fund balance (Deficit), End of year</b>	<u>\$ 390</u>	<u>\$ -</u>	<u>\$ 13,715</u>	<u>\$ -</u>	<u>\$ 18,045</u>	<u>\$ 126,629</u>	<u>\$ 200</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

EDUCATION FUND ACCOUNTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 For the Year Ended June 30, 2005

	SAE Nutrition Education Loan Library	Scientific Literacy Catalyst	Special Needs	Standards Aligned	Technology Challenge Grant	Tech Prep Academy	Test Center
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,051	\$ 18,758
State sources	-	-	-	-	-	-	-
Federal sources	60,000	-	-	7,500	284,365	-	-
Total revenues	60,000	-	-	7,500	284,365	1,051	18,758
Expenditures							
Salaries	24,000	-	-	4,900	178,013	-	-
Benefits	4,875	-	-	615	43,988	-	-
Purchased services	22,005	-	-	2,000	48,604	-	-
Supplies and materials	9,120	-	-	-	743	-	-
Capital outlay	-	-	-	-	13,017	-	-
Other	-	-	-	-	-	1,235	6,330
Transfers - payments to other governmental units	-	-	-	-	-	-	-
Total expenditures	60,000	-	-	7,515	284,365	1,235	6,330
Net change in fund balances	-	-	-	(15)	-	(184)	12,428
Fund balance (Deficit), Beginning of year	(3)	(1,502)	695	32	-	525	30,615
Fund balance (Deficit), End of year	\$ (3)	\$ (1,502)	\$ 695	\$ 17	\$ -	\$ 341	\$ 43,043

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	Test Cooperative	Title IV - Community Service	TAOEP	Williamson County Film Library	Math Professional Development	Technology - Enhancing Education - Competitive	Area VI Technology Hub
<b>Revenues</b>							
Local sources	\$ -	\$ -	\$ -	\$ 3,890	\$ 10,630	\$ -	\$ 4,103
State sources	-	-	50,106	-	-	-	-
Federal sources	-	2,490	-	-	-	321,165	-
<b>Total revenues</b>	<u>-</u>	<u>2,490</u>	<u>50,106</u>	<u>3,890</u>	<u>10,630</u>	<u>321,165</u>	<u>4,103</u>
<b>Expenditures</b>							
Salaries	-	-	41,868	4,001	6,500	15,000	1,500
Benefits	-	-	6,835	380	904	4,334	316
Purchased services	-	-	1,403	264	635	140,479	2,287
Supplies and materials	-	2,500	-	-	1	8,173	-
Capital outlay	-	-	-	-	-	28,501	-
Other	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	-	124,678	-
<b>Total expenditures</b>	<u>-</u>	<u>2,500</u>	<u>50,106</u>	<u>4,645</u>	<u>8,040</u>	<u>321,165</u>	<u>4,103</u>
Net change in fund balances	-	(10)	-	(755)	2,590	-	-
Fund balance (Deficit), Beginning of year	<u>1,305</u>	<u>-</u>	<u>-</u>	<u>4,166</u>	<u>-</u>	<u>-</u>	<u>(63)</u>
Fund balance (Deficit), End of year	<u>\$ 1,305</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 3,411</u>	<u>\$ 2,590</u>	<u>\$ -</u>	<u>\$ (63)</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	No Child Left Behind	Community Technology Center	Learn and Serve	System of Support	Eliminate Digital Divide	ROE State Grant	Total
<b>Revenues</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,805
State sources	17,501	-	-	7,976	40,070	-	1,261,202
Federal sources	-	123,787	1,128	10,415	-	-	1,583,420
<b>Total revenues</b>	<u>17,501</u>	<u>123,787</u>	<u>1,128</u>	<u>18,391</u>	<u>40,070</u>	<u>-</u>	<u>2,941,427</u>
<b>Expenditures</b>							
Salaries	-	75,410	975	11,000	9,200	-	1,508,849
Benefits	-	11,869	199	1,455	11,605	-	308,979
Purchased services	17,501	18,897	-	7,065	4,901	-	592,934
Supplies and materials	-	2,206	-	-	2,388	-	140,261
Capital outlay	-	15,405	-	-	11,976	-	77,444
Other	-	-	-	-	-	-	28,285
Transfers - payments to other governmental units	-	-	-	1,000	-	-	344,776
<b>Total expenditures</b>	<u>17,501</u>	<u>123,787</u>	<u>1,174</u>	<u>20,520</u>	<u>40,070</u>	<u>-</u>	<u>3,001,528</u>
Net change in fund balances	-	-	(46)	(2,129)	-	-	(60,101)
Fund balance (Deficit), Beginning of year	-	-	-	13,635	-	(1)	413,695
Fund balance (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46)</u>	<u>\$ 11,506</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 353,594</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**21st CENTURY COMMUNITY LEARNING CENTERS**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Local sources	\$ -	\$ 6,028	\$ 6,028
Federal sources	<u>513,504</u>	<u>348,903</u>	<u>(164,601)</u>
Total revenues	<u>513,504</u>	<u>354,931</u>	<u>(158,573)</u>
<b>EXPENDITURES</b>			
Salaries	323,007	214,788	108,219
Benefits	52,802	31,710	21,092
Purchased services	95,885	67,732	28,153
Supplies and materials	41,810	36,342	5,468
Capital outlay	<u>-</u>	<u>2,131</u>	<u>(2,131)</u>
Total expenditures	<u>513,504</u>	<u>352,703</u>	<u>160,801</u>
Net change in fund balance	<u><u>\$ -</u></u>	2,228	<u><u>\$ 2,228</u></u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ 2,228</u></u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION TO CAREERS**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Federal sources	\$ 20,899	\$ 21,823	\$ 924
Total revenues	<u>20,899</u>	<u>21,823</u>	<u>924</u>
 <b>EXPENDITURES</b>			
Salaries	4,000	4,000	-
Benefits	1,000	515	485
Purchased services	4,513	5,876	(1,363)
Supplies and materials	11,386	11,432	(46)
Total expenditures	<u>20,899</u>	<u>21,823</u>	<u>(924)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Federal sources	\$ 222,614	\$ 222,614	\$ -
Total revenues	<u>222,614</u>	<u>222,614</u>	<u>-</u>
 <b>EXPENDITURES</b>			
Salaries	58,160	58,160	-
Benefits	15,301	15,261	40
Purchased services	9,682	8,339	1,343
Supplies and materials	6,136	7,542	(1,406)
Capital outlay	1,000	977	23
Transfers - payments to other governmental units	<u>132,335</u>	<u>132,335</u>	<u>-</u>
Total expenditures	<u>222,614</u>	<u>222,614</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**REGIONAL SAFE SCHOOLS**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ -	\$ 1,080	\$ 1,080
State sources	152,259	176,235	23,976
Federal sources	-	49,881	49,881
	152,259	227,196	74,937
 <b>EXPENDITURES</b>			
Salaries	119,630	173,839	(54,209)
Benefits	24,150	34,010	(9,860)
Purchased services	8,479	21,754	(13,275)
Supplies and materials	-	4,293	(4,293)
	152,259	233,896	(81,637)
Net change in fund balance	\$ -	(6,700)	\$ (6,700)
 FUND BALANCE, BEGINNING OF YEAR		 133,329	
FUND BALANCE, END OF YEAR		 \$ 126,629	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**TITLE I - READING FIRST PART B SEA FUNDS**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ -	\$ 200	\$ 200
Federal sources	<u>30,884</u>	<u>13,171</u>	<u>(17,713)</u>
Total revenues	<u>30,884</u>	<u>13,371</u>	<u>(17,513)</u>
 <b>EXPENDITURES</b>			
Salaries	8,000	-	8,000
Benefits	1,002	-	1,002
Purchased services	7,770	6,178	1,592
Supplies and materials	12,800	6,993	5,807
Capital outlay	<u>1,312</u>	<u>-</u>	<u>1,312</u>
Total expenditures	<u>30,884</u>	<u>13,171</u>	<u>17,713</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>200</u>	<u><u>\$ 200</u></u>
 <b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>-</u>	
 <b>FUND BALANCE, END OF YEAR</b>		<u><u>\$ 200</u></u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**SAE NUTRITION EDUCATION LOAN LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Federal sources	\$ 60,000	\$ 60,000	\$ -
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>-</u>
 <b>EXPENDITURES</b>			
Salaries	24,000	24,000	-
Benefits	4,807	4,875	(68)
Purchased services	21,993	22,005	(12)
Supplies and materials	9,200	9,120	80
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>(3)</u>	
 FUND BALANCE, END OF YEAR		<u>\$ (3)</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**STANDARDS ALIGNED**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Federal sources	\$ 7,500	\$ 7,500	\$ -
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>-</u>
 <b>EXPENDITURES</b>			
Salaries	5,000	4,900	100
Benefits	-	615	(615)
Purchased services	<u>2,500</u>	<u>2,000</u>	<u>500</u>
Total expenditures	<u>7,500</u>	<u>7,515</u>	<u>(15)</u>
Net change in fund balance	<u>\$ -</u>	(15)	<u>\$ (15)</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>32</u>	
 FUND BALANCE, END OF YEAR		<u>\$ 17</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21  
 TECHNOLOGY CHALLENGE GRANT  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Federal sources	\$ 221,031	\$ 284,365	\$ 63,334
Total revenues	<u>221,031</u>	<u>284,365</u>	<u>63,334</u>
 <b>EXPENDITURES</b>			
Salaries	125,100	178,013	(52,913)
Benefits	40,032	43,988	(3,956)
Purchased services	42,899	48,604	(5,705)
Supplies and materials	1,000	743	257
Capital outlay	<u>12,000</u>	<u>13,017</u>	<u>(1,017)</u>
Total expenditures	<u>221,031</u>	<u>284,365</u>	<u>(63,334)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**TAOEP**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
State sources	\$ 50,106	\$ 50,106	\$ -
Total revenues	<u>50,106</u>	<u>50,106</u>	<u>-</u>
 <b>EXPENDITURES</b>			
Salaries	41,868	41,868	-
Benefits	7,000	6,835	165
Purchased services	<u>1,238</u>	<u>1,403</u>	<u>(165)</u>
Total expenditures	<u>50,106</u>	<u>50,106</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**TECHNOLOGY - ENHANCING EDUCATION - COMPETITIVE**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	<u>\$ 694,636</u>	<u>\$ 321,165</u>	<u>\$ (373,471)</u>
Total revenues	<u>694,636</u>	<u>321,165</u>	<u>(373,471)</u>
 EXPENDITURES			
Salaries	31,300	15,000	16,300
Benefits	7,112	4,334	2,778
Purchased services	344,455	140,479	203,976
Supplies and materials	30,000	8,173	21,827
Capital outlay	51,500	28,501	22,999
Transfers - payments to other governmental units	<u>230,269</u>	<u>124,678</u>	<u>105,591</u>
Total expenditures	<u>694,636</u>	<u>321,165</u>	<u>373,471</u>
Net change in fund balance	<u><u>\$ -</u></u>	-	<u><u>\$ -</u></u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u><u>\$ -</u></u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**AREA VI TECHNOLOGY HUB**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Local sources	\$ 24,500	\$ 4,103	\$ (20,397)
Total revenues	<u>24,500</u>	<u>4,103</u>	<u>(20,397)</u>
 <b>EXPENDITURES</b>			
Salaries	17,000	1,500	15,500
Benefits	3,500	316	3,184
Purchased services	3,000	2,287	713
Supplies and material	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>24,500</u>	<u>4,103</u>	<u>20,397</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
 FUND BALANCE, BEGINNING OF YEAR		<u>(63)</u>	
 FUND BALANCE, END OF YEAR		<u><u>\$ (63)</u></u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**COMMUNITY TECHNOLOGY CENTER**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Federal sources	<u>\$ 364,672</u>	<u>\$ 123,787</u>	<u>\$ (240,885)</u>
Total revenues	<u>364,672</u>	<u>123,787</u>	<u>(240,885)</u>
 <b>EXPENDITURES</b>			
Salaries	131,000	75,410	55,590
Benefits	43,800	11,869	31,931
Purchased services	98,000	18,897	79,103
Supplies and materials	8,632	2,206	6,426
Capital outlay	<u>83,240</u>	<u>15,405</u>	<u>67,835</u>
Total expenditures	<u>364,672</u>	<u>123,787</u>	<u>240,885</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	<u>Certification</u>	<u>Institute</u>	<u>ISO Workshops</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 1,019	\$ 18,464	\$ 101,545	\$ 336	\$ 121,364
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 18,464</u>	<u>\$ 101,545</u>	<u>\$ 336</u>	<u>\$ 121,364</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Due to other funds	\$ 1,618	\$ -	\$ -	\$ -	\$ -	\$ 1,618
Deferred revenue	-	13,464	-	-	-	13,464
<b>Total Liabilities</b>	<u>1,618</u>	<u>13,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,082</u>
<b>Fund Balance (Deficit)</b>						
Unreserved and undesignated	<u>(1,618)</u>	<u>(12,445)</u>	<u>18,464</u>	<u>101,545</u>	<u>336</u>	<u>106,282</u>
<b>Total Fund Balance (Deficit)</b>	<u>(1,618)</u>	<u>(12,445)</u>	<u>18,464</u>	<u>101,545</u>	<u>336</u>	<u>106,282</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 18,464</u>	<u>\$ 101,545</u>	<u>\$ 336</u>	<u>\$ 121,364</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**INSTITUTE FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2005**

	<u>Certification</u>	<u>Institute</u>	<u>ISO Workshops</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
Revenues						
Local sources	\$ 7,129	\$ 18,102	\$ 1,719	\$ 10,344	\$ -	\$ 37,294
Total revenues	<u>7,129</u>	<u>18,102</u>	<u>1,719</u>	<u>10,344</u>	<u>-</u>	<u>37,294</u>
Expenditures						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Purchased services	-	-	-	2	-	2
Supplies and materials	-	-	-	-	-	-
Other	7,648	-	3,139	5,890	-	16,677
Total expenditures	<u>7,648</u>	<u>-</u>	<u>3,139</u>	<u>5,892</u>	<u>-</u>	<u>16,679</u>
Net change in fund balances	(519)	18,102	(1,420)	4,452	-	20,615
Fund balance (Deficit), Beginning of year	<u>(1,099)</u>	<u>(30,547)</u>	<u>19,884</u>	<u>97,093</u>	<u>336</u>	<u>85,667</u>
Fund balance (Deficit) , End of year	<u>\$ (1,618)</u>	<u>\$ (12,445)</u>	<u>\$ 18,464</u>	<u>\$ 101,545</u>	<u>\$ 336</u>	<u>\$ 106,282</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Supervisory</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 503</u>	<u>\$ 2,518</u>	<u>\$ -</u>	<u>\$ 3,021</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 503</u></u>	<u><u>\$ 2,518</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,021</u></u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Due to other funds	<u>\$ -</u>	<u>\$ 11,797</u>	<u>\$ -</u>	<u>\$ 11,797</u>
<b>Fund Balance (Deficit)</b>				
Unreserved and undesignated	<u>503</u>	<u>(9,279)</u>	<u>-</u>	<u>(8,776)</u>
<b>Total Fund Balance (Deficit)</b>	<u>503</u>	<u>(9,279)</u>	<u>-</u>	<u>(8,776)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u><u>\$ 503</u></u>	<u><u>\$ 2,518</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,021</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2005**

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Supervisory</u>	<u>Total</u>
Revenues				
Local sources	\$ 1,869	\$ 7,702	\$ -	\$ 9,571
State sources	600	-	2,000	2,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,469	7,702	2,000	12,171
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Purchased services	-	1,328	-	1,328
Supplies and materials	-	2,759	2,000	4,759
Other	1,436	39	-	1,475
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,436	4,126	2,000	7,562
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	1,033	3,576	-	4,609
Fund balance (deficit), Beginning of year	<hr/> (530)	<hr/> (12,855)	<hr/> -	<hr/> (13,385)
Fund balance (deficit), End of year	<hr/> <u>\$ 503</u>	<hr/> <u>\$ (9,279)</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ (8,776)</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**GENERAL EDUCATION DEVELOPMENT FUND  
COMBINING BALANCE SHEET BY SUB-ACCOUNT  
June 30, 2005**

	<u>GED</u>	<u>Scoring</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,518	\$ -	\$ 2,518
<b>TOTAL ASSETS</b>	<u>\$ 2,518</u>	<u>\$ -</u>	<u>\$ 2,518</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Due to other funds	\$ -	\$ 11,797	\$ 11,797
<b>Total Liabilities</b>	<u>-</u>	<u>11,797</u>	<u>11,797</u>
 <b>Fund Balance (Deficit)</b>			
Unreserved and undesignated	<u>2,518</u>	<u>(11,797)</u>	<u>(9,279)</u>
<b>Total Fund Balance (Deficit)</b>	<u>2,518</u>	<u>(11,797)</u>	<u>(9,279)</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	 <u>\$ 2,518</u>	 <u>\$ -</u>	 <u>\$ 2,518</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**GENERAL EDUCATION DEVELOPMENT FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES BY SUB-ACCOUNT  
For the Year Ended June 30, 2005**

	<u>GED</u>	<u>Scoring</u>	<u>Total</u>
Revenues			
Local sources	<u>\$ 7,186</u>	<u>\$ 516</u>	<u>\$ 7,702</u>
Total revenues	<u>7,186</u>	<u>516</u>	<u>7,702</u>
Expenditures			
Purchased services	1,328	-	1,328
Supplies and materials	2,759	-	2,759
Other	<u>-</u>	<u>39</u>	<u>39</u>
Total expenditures	<u>4,087</u>	<u>39</u>	<u>4,126</u>
Net change in fund balances	3,099	477	3,576
Fund balance (deficit), Beginning of year	<u>(581)</u>	<u>(12,274)</u>	<u>(12,855)</u>
Fund balance (deficit), End of year	<u>\$ 2,518</u>	<u>\$ (11,797)</u>	<u>\$ (9,279)</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

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

	<u>Distributive</u>	<u>Franklin County Regional Delivery System</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,439	\$ 3,332	\$ 38,771
Due from Illinois State Board of Education	<u>-</u>	<u>4,533</u>	<u>4,533</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 35,439</u></u>	<u><u>\$ 7,865</u></u>	<u><u>\$ 43,304</u></u>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
Due to other governments	<u>\$ 35,439</u>	<u>\$ 7,865</u>	<u>\$ 43,304</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 35,439</u></u>	<u><u>\$ 7,865</u></u>	<u><u>\$ 43,304</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**ALL AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2005**

<u>DISTRIBUTIVE</u>	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 131,522	\$ 10,034,985	\$ 10,131,068	\$ 35,439
Due from Illinois State Board of Education	<u>7,670</u>	<u>-</u>	<u>7,670</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 139,192</u></u>	<u><u>\$ 10,034,985</u></u>	<u><u>\$ 10,138,738</u></u>	<u><u>\$ 35,439</u></u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 139,192</u>	<u>\$ 10,034,985</u>	<u>\$ 10,138,738</u>	<u>\$ 35,439</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 139,192</u></u>	<u><u>\$ 10,034,985</u></u>	<u><u>\$ 10,138,738</u></u>	<u><u>\$ 35,439</u></u>
 <u>FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,332	\$ 481,302	\$ 481,302	\$ 3,332
Due from Illinois State Board of Education	<u>-</u>	<u>4,533</u>	<u>-</u>	<u>4,533</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,332</u></u>	<u><u>\$ 485,835</u></u>	<u><u>\$ 481,302</u></u>	<u><u>\$ 7,865</u></u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 3,332</u>	<u>\$ 485,835</u>	<u>\$ 481,302</u>	<u>\$ 7,865</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 3,332</u></u>	<u><u>\$ 485,835</u></u>	<u><u>\$ 481,302</u></u>	<u><u>\$ 7,865</u></u>
 <u>TOTAL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 134,854	\$ 10,516,287	\$ 10,612,370	\$ 38,771
Due from Illinois State Board of Education	<u>7,670</u>	<u>4,533</u>	<u>7,670</u>	<u>4,533</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 142,524</u></u>	<u><u>\$ 10,520,820</u></u>	<u><u>\$ 10,620,040</u></u>	<u><u>\$ 43,304</u></u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 142,524</u>	<u>\$ 10,520,820</u>	<u>\$ 10,620,040</u>	<u>\$ 43,304</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 142,524</u></u>	<u><u>\$ 10,520,820</u></u>	<u><u>\$ 10,620,040</u></u>	<u><u>\$ 43,304</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM ACCOUNTS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
June 30, 2005**

	<u>Title IIC Secondary</u>	<u>Elementary Career Development</u>	<u>Perkins Title III Tech. Prep. Federal</u>	<u>Regional Vocation Delivery</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 932	\$ 835	\$ 1,565	\$ -	\$ 3,332
Due from Illinois State Board of Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,533</u>	<u>4,533</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 932</u></u>	<u><u>\$ 835</u></u>	<u><u>\$ 1,565</u></u>	<u><u>\$ 4,533</u></u>	<u><u>\$ 7,865</u></u>
<b>LIABILITIES</b>					
<b>Liabilities</b>					
Due to other governments	<u>\$ 932</u>	<u>\$ 835</u>	<u>\$ 1,565</u>	<u>\$ 4,533</u>	<u>\$ 7,865</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 932</u></u>	<u><u>\$ 835</u></u>	<u><u>\$ 1,565</u></u>	<u><u>\$ 4,533</u></u>	<u><u>\$ 7,865</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS  
For the Year Ended June 30, 2005**

Acct. No.	Franklin Co. ROE No. 21	Christopher District 99	Benton District 47	Thompsonville District 62	Akin District 91	Benton District 103	Logan District 110	Thompsonville District 112	Ewing District 115	Ziegler/Royalton District 188	John A. Logan College	Total	
<b>State Funds</b>													
3001	General State Aid - Section 18-8	\$ 858,370	\$ 3,531,766	\$ -	\$ -	\$ 551,797	\$ 277,425	\$ 268,310	\$ -	\$ 789,954	\$ -	\$ 60,000	\$ 6,337,622
3002	General State Aid - Hold Harmless	-	-	-	-	-	-	33,419	-	-	-	-	33,419
3100	Sp Ed-Private Facility	-	-	2,441	-	-	-	-	-	-	-	-	2,441
3105	Sp Ed - Extra Ordinary	-	72,459	57,004	3,707	20,573	34,956	14,104	148	30,051	2,394	-	235,396
3110	Sp Ed - Personnel	-	116,205	-	-	12,024	-	9,400	-	40,944	-	-	178,573
3120	Sp Ed - Orphanage Individual	-	69,360	-	-	17,081	16,386	-	-	15,336	-	-	118,163
3220	Voc Ed - Secondary Program Impr.	210,000	-	-	-	-	-	-	-	-	-	-	210,000
3235	Voc Ed - Agriculture Education	9,087	-	-	-	-	-	-	-	-	-	-	9,087
3360	State Free Lunch and Breakfast	1,491	8,034	-	348	1,471	189	977	69	1,810	-	-	14,389
3365	Breakfast Incentive	28	465	-	-	-	-	16	64	192	-	-	765
3370	Drivers Education	-	9,250	-	-	-	-	-	-	-	-	-	9,250
3500	Transportation - Regular	-	84,030	-	-	66,213	-	18,264	-	141,717	-	-	310,224
3510	Transportation - Special Education	-	101,997	-	-	5,960	-	-	-	8,827	-	-	116,784
3520	ROE School Bus Driver Training	600	-	-	-	-	-	-	-	-	-	-	600
3696	Regional Safe Schools	152,259	-	-	-	-	-	-	-	-	-	-	152,259
3715	K-6 Reading Improvement	-	36,067	716	107	6,268	-	4,590	-	11,686	265	-	59,699
3730	ROE/ESC Operations	68,994	-	-	-	-	-	-	-	-	-	-	68,994
3745	Supervisory Expense	2,000	-	-	-	-	-	-	-	-	-	-	2,000
3775	ADA Safety Education Block Grant	-	22,249	-	-	3,565	-	1,580	-	5,726	-	-	33,120
3825	Bridges Extended Learning Opportunities	-	-	-	5,424	4,770	-	-	-	-	-	-	10,194
	<b>Total State Funds</b>	<b>1,302,829</b>	<b>4,051,882</b>	<b>60,161</b>	<b>9,586</b>	<b>689,722</b>	<b>328,956</b>	<b>350,660</b>	<b>281</b>	<b>1,046,243</b>	<b>2,659</b>	<b>60,000</b>	<b>7,902,979</b>
<b>Federal Funds</b>													
4100	Title VI Formula	-	4,691	-	-	311	3,259	419	-	494	-	-	9,174
4107	Title VI Rural Ed Initiative Expense	-	24,759	-	-	-	-	-	-	-	-	-	24,759
4210	National School Lunch Program	13,895	112,619	-	4,723	21,704	2,085	10,318	-	29,934	-	-	195,278
4220	School Breakfast Program	7,432	37,274	-	1,716	8,680	734	6,822	-	10,461	-	-	73,119
4227	Nutritional Education and Training	60,000	-	-	-	-	-	-	-	-	-	-	60,000
4300	Title I Low Income	-	273,062	-	-	39,334	13,000	32,375	-	54,629	-	-	412,400
4337	Title I Reading 1st Part B Sea Expense	16,214	-	-	-	-	-	-	-	-	-	-	16,214
4400	Drug Free Schools Formula	-	6,823	-	-	467	3,609	715	-	900	-	-	12,514
4420	Title IV Community Service Expense	3,040	-	-	-	-	-	-	-	-	-	-	3,040
4421	21st Century Comm. Learning Centers	220,000	150,584	-	-	-	-	-	-	-	-	-	370,584
4745	VE Perkins - Title IIC Secondary	100,719	-	-	-	-	-	-	-	-	-	-	100,719
4777	Education to Careers Implementation	20,899	-	-	-	-	-	-	-	-	-	-	20,899
4920	McKinney Education for Homeless	222,612	-	-	-	-	-	-	-	-	-	-	222,612
4932	Title II Teacher Quality Expense	-	66,768	-	-	4,501	5,465	4,784	-	20,615	-	-	102,133
4971	Technology Literacy Challenge	-	7,890	-	-	-	-	913	-	1,550	-	-	10,353
4972	Tech Enhancing Ed Competitive Exp	559,999	-	-	-	-	-	-	-	-	-	-	559,999
4999	Other Federal Programs Expense	-	34,292	-	-	-	-	-	-	-	-	-	34,292
	<b>Total Federal Funds</b>	<b>1,224,810</b>	<b>718,762</b>	<b>-</b>	<b>6,439</b>	<b>74,997</b>	<b>28,152</b>	<b>56,346</b>	<b>-</b>	<b>118,583</b>	<b>-</b>	<b>-</b>	<b>2,228,089</b>
	<b>Total Distributions</b>	<b>\$ 2,527,639</b>	<b>\$ 4,770,644</b>	<b>\$ 60,161</b>	<b>\$ 16,025</b>	<b>\$ 764,719</b>	<b>\$ 357,108</b>	<b>\$ 407,006</b>	<b>\$ 281</b>	<b>\$ 1,164,826</b>	<b>\$ 2,659</b>	<b>\$ 60,000</b>	<b>\$ 10,131,068</b>

FEDERAL COMPLIANCE SECTION

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2005**

Federal Grantor/Pass-Through Grantor, Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Illinois State Board of Education (ISBE):			
National School Lunch Program	10.555	05-4210-00	\$ 15,913
Passed through ISBE:			
School Breakfast Program	10.553	05-4220-00	8,565
Passed through ISBE:			
SAE Nutrition Education Loan Library	10.560	05-4227-00	60,000
U.S. DEPARTMENT OF EDUCATION:			
Passed through Regional Office of Education No. 02:			
Title I - Grants to Local Educational Agencies	84.010A	N/A	8,841
Passed through ISBE:			
Title IV - Community Service	84.184	04-4420-00	2,490
Passed through ISBE:			
McKinney Education for Homeless Children	84.196A	05-4920-00	222,614
(M) 21st Century Community Learning Centers		S287B011509	128,903
Passed through ISBE:			
(M) 21st Century Community Learning Centers		05-4421-05	220,000
Total 21st Century Community Learning Centers	84.287C		348,903
Passed through Regional Office of Education No. 25:			
Title V - Innovative Programs			7,500
Passed through Regional Office of Education No. 02:			
Title V - Innovative Programs			356
Total Title V - Innovative Program	84.298A	N/A	7,856
(M) Technology Challenge Grant	84.303	R303A980314	284,365
Passed through ISBE:			
(M) Technology - Enhancing Education - Competitive		05-4972-00	204,540
(M) Technology - Enhancing Education - Competitive		04-4972-00	4,257
(M) Technology - Enhancing Education - Competitive		05-4972-01	112,368
Total Technology - Enhancing Education - Competitive	84.318X		321,165
Passed through ISBE:			
Title I - Reading First Part B SEA Funds		05-4337-02	10,685
Title I - Reading First Part B SEA Funds		04-4337-02	2,486
Total Title I - Reading First Part B SEA Funds	84.357A		13,171
Community Technology Centers		V341A030102	118,787
Passed through Education Development Center:			
Community Technology Centers		13666	5,000
Total Community Technology Centers	84.341A		123,787

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2005**

Federal Grantor/Pass-Through Grantor, Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
U.S. DEPARTMENT OF EDUCATION - CONTINUED:			
Passed through Regional Office of Education No. 02:			
Title II - Teacher Quality	84.367A	N/A	\$ <u>1,218</u>
U.S. DEPARTMENT OF LABOR:			
Passed through ISBE:			
Education to Careers - Implementation		05-4777-00	20,899
Education to Careers - Implementation		04-4777-00	<u>924</u>
Total Education to Careers - Implementation	17.263		<u>21,823</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through ISBE:			
Temporary Assistance for Needy Families (Regional Safe Schools State Aid)		05-3001-93	12,344
Temporary Assistance for Needy Families (Regional Safe Schools)		05-3696-00	<u>37,537</u>
Total Temporary Assistance for Needy Families (Regional Safe Schools)	93.558		<u>49,881</u>
Passed through Illinois Department of Human Services:			
Substance Abuse Prevention & Treatment Block Grant	93.959	511G5200000	<u>91,700</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
Passed through ISBE:			
Learn and Serve America	94.004	04-4910-00	<u>1,128</u>
Total Expenditures of Federal Awards			\$ <u><u>1,583,420</u></u>

(M) Program was audited as a major program.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2005

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education No. 21 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.

2. DESCRIPTION OF FEDERAL PROGRAMS AUDITED AS A MAJOR PROGRAM

The major federal programs of the Franklin/Williamson Counties Regional Office of Education No. 21 are the 21<sup>st</sup> Century Community Learning Centers (CFDA # 84.287C), the Technology Challenge Grant (CFDA # 84.303), and the Technology – Enhancing Education – Competitive grant (CFDA # 84.318X). The 21<sup>st</sup> Century Community Learning Centers funds are used to provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools. The Technology Challenge Grant funds are designed to restructure learning communities, to create new innovative learning techniques and teaching roles, to assist learners of all ages in becoming information seekers, navigators, evaluators, critical thinkers, analyzers, selectors, creators of knowledge, effective communicators, technologists, and responsible citizens in a technological age able to meet the challenges of an ever-changing technological society. The Technology – Enhancing Education – Competitive grant is a grant awarded to provide scientific literacy workshops to local teachers.

3. SUBRECIPIENTS

Franklin/Williamson Counties Regional Office of Education No. 21 acts as fiduciary agent for State and federal funds passed through the Illinois State Board of Education to educational agencies located within its service region. The educational agencies are not considered sub-recipients of the ROE and such receipts and disbursements are accounted for in the Distributive Agency Fund of the ROE.

4. INSURANCE

Regional Office of Education No. 21 did not receive any Federal insurance as part of any Federal award during the year ended June 30, 2005.

5. LOANS AND LOAN GUARANTEES

Regional Office of Education No. 21 had no loans or loan guarantees as of or for the year ended June 30, 2005.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2005

6. NON-MONETARY FEDERAL AWARDS

Regional Office of Education No. 21 did not receive any non-monetary federal awards as of or for the year ended June 30, 2005.