

State of Illinois
CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
FINANCIAL AUDIT
(In Accordance with the
Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2006

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

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
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OFFICIALS

REGIONAL OFFICE OF EDUCATION #13

Regional Superintendent
(Current, Acting Effective July 1, 2006)

Ms. Keri Garrett

Regional Superintendent
(During the Audit Period and Retired Effective June 30, 2006)

Mr. David L. Erlinger

Assistant Regional Superintendent
(Current, Acting Effective July 1, 2006)

Mr. Brian P. Guthrie

Assistant Regional Superintendent
(Acting – Effective July 1, 2005, - June 30, 2006)

Ms. Keri Garrett

Offices are located at:

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

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

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

REGIONAL OFFICE OF EDUCATION #13

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	2
Repeated audit findings	2	0
Prior recommendations implemented or not repeated	0	1

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
06-2	12b	Controls Over Compliance with Laws and Regulations
06-3	12d	Improper Expenditure Classification
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)		
06-1	12a	Unexpended Grant Funds and Interest Income

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

NONE

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

NONE

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on December 7, 2006. Attending were Keri Garrett, Regional Superintendent and Tami Colpitts-Knight, CPA, Manager, Kemper CPA Group LLP. Responses to the recommendations were provided by Keri Garrett, Regional Superintendent.

FINANCIAL STATEMENT REPORT

SUMMARY

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

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



INDEPENDENT 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 Clinton, Marion, and Washington Counties Regional Office of Education #13, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #13's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office Education #13's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #13, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2006 on our consideration of the Regional Office of Education #13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16k, and 47 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #13's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mt. Vernon, Illinois
August 11, 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 Regional Office of Education #13, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #13's basic financial statements and have issued our report thereon dated August 11, 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 Regional Office of Education #13'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 the internal control over financial reporting that, in our judgment, could adversely affect the Regional Office of Education #13's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questions Costs as item 06-3.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #13's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 06-1. We also noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-2.

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mt. Vernon, Illinois
August 11, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE FOR EACH PROGRAM DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD OF EDUCATION IN THEIR MONITORING OF FEDERAL PROGRAMS

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #13 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Regional Office of Education #13's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #13's management. Our responsibility is to express an opinion on the Regional Office of Education #13's compliance based on our audit.

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

In our opinion, the Regional Office of Education #13 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 06-1.

Internal Control Over Compliance

The management of the Regional Office of Education #13 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #13's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

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

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mt. Vernon, Illinois
August 11, 2006

CLINTON, MARION AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2006

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of **major** programs:

CFDA Number(s) 84.181	Name of Federal Program or Cluster Special Education for Infants and Families with Disabilities
---------------------------------	--

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

Auditee qualified as a low-risk auditee? Yes

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No.: 06-1 – Unexpended Grant Funds and Interest Income (Repeated from Finding 05-1)

Federal Program Name & Year: Special Education for Infants and Families with Disabilities
Project Number: 611G6749000
CFDA Number: 84.181
Passed Through: Illinois Department of Human Services
Federal Agency: U.S. Department of Education

Criteria/specific requirement:

The Illinois Grant Funds Recovery Act (30 ILCS 705/5) requires that all grant funds that have not been expended or obligated by the end of the grant period be returned to the granting agency within 45 days after the end of the period. The Act also states that all interest earned on grant funds held by a grantee shall become part of the grant principal when earned and be treated accordingly for all purposes unless the grant agreement provides otherwise. In addition, the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21) requires that interest earned on federal fund balances in excess of \$100 be remitted back to the federal granting agency.

Condition:

Special Education for Infants and Families with Disabilities had an excess cash balance in the amount of \$53,388 at June 30, 2006 that had not been obligated and the balance was not returned to the granting agency by August 15, 2006 as specified in the grant agreement.

In addition, at June 30, 2006 the Regional Office of Education #13 had interest income earned from federal funding in excess of \$100 that was due back to the grantor agency for the following programs:

- Special Education for Infants and Families with Disabilities - \$1,234
- Alternative School - \$233
- Title IV - Safe and Drug Free School Formula - \$87
- Title I – Reading First Part B SEA - \$447
- Standard Aligned Classroom - \$240

Questioned Costs:

\$55,629

Context:

N/A

Effect:

Noncompliance with the Illinois Grant Funds Recovery Act and the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21).

Cause:

The Regional Office of Education #13 was uncertain of the amounts due back to the granting agency.

Recommendation:

The Regional Office of Education #13 should return any unspent grant funds to the granting agency. In addition, the Regional Office of Education #13 should remit interest income earned from federal funding in excess of \$100 to the related granting agencies.

Management's Response:

The Regional Superintendent agrees with the finding.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 06-2 – Controls Over Compliance with Laws and Regulations (Repeated from Finding 05-2)

Criteria/specific requirements:

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts and vouchers of every school treasurer in her educational service region, and if she finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)

Conditions:

- A. The Regional Office of Education #13 is not examining all books, accounts, and vouchers of every school treasurer in her educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #13 performs compliance inspections for each public school in her region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Effects:

The Regional Office of Education #13 did not comply with statutory requirements.

Causes:

- A. The level of financial review performed by the Regional Superintendent is not adequate to comply with the statute.
- B. The Regional Superintendent believed that the periodic compliance visits completed at the public schools were sufficient to satisfy the statutory requirement.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

**Finding No. 06-2 – Controls Over Compliance with Laws and Regulations (Repeat from Finding 05-2),
Concluded**

Recommendations:

- A. The Regional Office of Education #13 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

If the Regional Office believes that any of these statutory mandates are obsolete or otherwise unnecessary, then it should seek legislative action to revise the statutes accordingly.

Management's responses:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No.: 06-3 – Improper Expenditure Classification

Criteria/specific requirement:

The Regional Office of Education #13 is required by the Illinois State Board of Education to classify expenditures in the appropriate functional category. In addition, the Regional Office of Education #13 is required by Generally Accepted Accounting Principles to capitalize capital asset purchases that meet or exceed their established capitalization policy and expense the capital asset over its estimated useful life.

Condition:

The Regional Office of Education #13 classified \$15,067 in capital outlay expenditures as supply and material expenditures instead of classifying capital outlay expenditures in excess of their established capitalization threshold, in the correct account code, and including those items on their capital outlay listing.

Effect:

Misclassification of capital outlay expenditures caused inaccurate reporting on expenditure reports, as well as an incomplete listing of capital assets.

Cause:

The Regional Office of Education #13 made an error when posting the expenditure.

Recommendation:

The Regional Office of Education #13 should classify capital outlay expenditures in excess of their established capitalization threshold in the correct account code and include those items on their capital asset listing.

Management's Response:

The Regional Superintendent agrees with the finding.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

Finding No. 06-1 - Unexpended Grant Funds and Interest Income (finding details on page 12a)

REPORTABLE CONDITIONS:

Finding No. 06-1 - Unexpended Grant Funds and Interest Income (finding details on page 12a)

CLINTON, MARION AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2006

Corrective Action Plan

Finding No. 06-1

Condition:

Special Education for Infants and Families with Disabilities had an excess cash balance in the amount of \$53,388 at June 30, 2006 that had not been obligated and the balance was not returned to the granting agency by August 15, 2006 as specified in the grant agreement.

In addition, at June 30, 2006 the Regional Office of Education #13 had interest income earned from federal funding in excess of \$100 that was due back to the grantor agency for the following programs:

- Special Education for Infants and Families with Disabilities - \$1,234
- Alternative School - \$233
- Title IV - Safe and Drug Free School Formula - \$87
- Title I – Reading First Part B SEA - \$447
- Standard Aligned Classroom - \$240

Plan:

The Regional Office of Education #13 will return any unspent grant funds to the granting agency. In addition, the Regional Office of Education #13 will remit interest income earned from federal funding in excess of \$100 to the related granting agencies.

Anticipated Completion Date:

Immediately upon learning of the oversight.

Contact Person:

Honorable Keri Garrett, Regional Superintendent of Schools

Finding No. 06-2

Condition:

A. The Regional Office of Education #13 is not examining all books, accounts, and vouchers of every school treasurer in her educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.

B. The Regional Office of Education #13 performs compliance inspections for each public school in her region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Plan:

A. The Regional Office of Education #13 will comply with the requirements of 105 ILCS 5/3-14.11.

CLINTON, MARION AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2006

Finding No. 06-2, Concluded

Plan, Concluded:

- B. The Regional Superintendent will visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

If the Regional Office believes that any of these statutory mandates are obsolete or otherwise unnecessary, then it will seek legislative action to revise the statutes accordingly.

Anticipated Completion Date:

As soon as practical.

Contact Person:

Honorable Keri Garrett, Regional Superintendent of Schools

Finding No. 06-3

Condition:

The Regional Office of Education #13 classified \$15,067 in capital outlay expenditures as supply and material expenditures instead of classifying capital outlay expenditures in excess of their established capitalization threshold, in the correct account code, and including those items on their capital outlay listing.

Plan:

The Regional Office of Education #13 will classify capital outlay expenditures in excess of their established capitalization threshold in the correct account code and include those items on their capital asset listing.

Anticipated Completion Date:

Immediately upon learning of the oversight.

Contact Person:

Honorable Keri Garrett, Regional Superintendent of Schools

CLINTON, MARION AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2006

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Unexpended Grant Funds and Interest Income	Repeated
05-2	Controls Over Compliance with Laws and Regulations	Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

Regional Office of Education #13 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the Regional Office of Education #13's financial statements, which follow.

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

2006 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$476,892 in fiscal year 2005 to \$460,603 in fiscal year 2006, and General Fund expenditures also decreased from \$513,012 in FY05 to \$488,617 in FY06. Other funding sources were used to cover expenses and thus resulted in a smaller decrease in the Regional Office of Education #13's General Fund balance from \$70,294 in FY05 to \$64,630 in FY06.
- The decrease in General Fund revenues was attributed primarily to a decrease in State on-behalf sources of revenue in FY06. The decrease in expenditures was due primarily to budget restrictions. The Regional Office of Education #13 again funded a portion of the current year General Fund services from the carryover fund balance in the General Fund.
- Education Fund revenues decreased from \$2,040,568 in fiscal year 2005 to \$1,982,671 in fiscal year 2006, while Education Fund expenditures decreased from \$2,041,957 in FY05 to \$2,002,207 in FY06. Interest revenue increased from \$23,102 in FY05 to \$53,154 in FY06. These factors resulted in an increase in the Education Fund balance from \$1,090,776 in FY05 to \$1,122,002 in FY06.
- The decrease in Education Fund revenues was attributed to a decrease in State sources of revenue in FY06. The decrease in expenditures was due primarily to budget restrictions.

USING THIS ANNUAL REPORT

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

USING THIS ANNUAL REPORT (Concluded)

- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office of Education #13's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- The required supplementary information further explains and supports the financial statements with a comparison of the Regional Office of Education #13's budget for the year and supplementary information also provides detailed information about the non-major funds.

REPORTING THE REGIONAL OFFICE OF EDUCATION #13 AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #13 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the Regional Office of Education #13's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

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

Fund Financial Statements

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #13's net assets at the end of fiscal year 2006 totaled approximately \$1.69 million. This compared to approximately \$1.67 million at the end of fiscal year 2005. The analysis that follows provides a summary of the Regional Office of Education #13's net assets at June 30, 2006 for the governmental and business-type activities.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2006

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	2006	2005	Increase / (Decrease)
Current Assets	\$ 1,529,647	\$ 1,517,529	12,118
Capital Assets, being depreciated, net	28,055	37,912	(9,857)
Total Assets	1,557,702	1,555,441	2,261
 Current Liabilities	 202,880	 210,036	 (7,156)
 Net Assets:			
Invested in Capital Assets	28,055	37,912	(9,857)
Unrestricted	1,213,702	1,197,734	15,968
Restricted for teacher professional development	113,065	109,759	3,306
Total Net Assets	\$ 1,354,822	\$ 1,345,405	9,417

The Regional Office of Education #13's combined governmental net assets increased by \$9,417 from FY05 and the current assets increased by \$12,118. The increase in unrestricted net assets was primarily due to the increase in interest income received resulting from an increase in interest rates throughout the year. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

BUSINESS-TYPE ACTIVITIES

	2006	2005	Increase / (Decrease)
Current Assets	\$ 316,319	\$ 327,298	(10,979)
Capital Assets, being depreciated, net	20,089	-	20,089
Total Assets	336,408	327,298	9,110
 Net Assets:			
Invested in Capital Assets	20,089	-	20,089
Unrestricted	316,319	327,298	(10,979)
Total Net Assets	\$ 336,408	\$ 327,298	9,110

The Regional Office of Education #13's business-type activities net assets increased by \$9,110 from FY05 and the total assets increased by \$9,110. The increase in net assets and total net assets was due to the addition of capital assets in FY06.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	2006	2005	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 1,602,623	\$ 1,719,161	(116,538)
General revenues:			
Local sources	314,107	251,926	62,181
State sources	212,662	204,867	7,795
On-behalf payments - State & Local	358,411	373,352	(14,941)
Interest income	79,377	27,263	52,114
Loss on disposal of capital assets	(346)	-	(346)
Total Revenues	2,566,834	2,576,569	(9,735)
Expenses:			
Instructional Services			
Salaries and benefits	1,684,674	1,699,680	(15,006)
Purchased Services	410,083	411,469	(1,386)
Supplies and materials	76,467	76,965	(498)
Other objects	10,221	9,473	748
Depreciation expense	17,561	24,096	(6,535)
Administrative Expense:			
On-behalf payments - State & Local	358,411	373,352	(14,941)
Total Expenses	2,557,417	2,595,035	(37,618)
Change in Net Assets	9,417	(18,466)	27,883
Net Assets - Beginning	1,345,405	1,363,871	(18,466)
Net Assets - Ending	\$ 1,354,822	\$ 1,345,405	9,417

Operating grants and contributions decreased approximately \$116,500 from fiscal year 2005 to 2006; this was the result of continued decreases in State and Federal funding. However, increases in local source revenue and interest revenue helped make up for some of the decreases in State and Federal funding. State and local on-behalf payments expense decreased due to a decrease in the TRS rate from FY05 to FY06.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

	2006	2005	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 115,395	\$ 93,965	21,430
General Revenue:			
Interest income	14,208	7,523	6,685
Total Revenues	129,603	101,488	28,115
Expenses:			
Salaries and benefits	54,152	50,295	3,857
Purchased Services	3,434	16,218	(12,784)
Supplies and materials	57,421	21,735	35,686
Other objects	396	326	70
Depreciation	5,090	-	5,090
Total Expenses	120,493	88,574	31,919
Change in Net Assets	9,110	12,914	(3,804)
Net Assets - Beginning	327,298	314,384	12,914
Net Assets - Ending	\$ 336,408	\$ 327,298	9,110

The increase in charges for services revenue is due to an increase in services provided to school districts in the region. The increase in supplies and materials is due to the fact that the Regional Office of Education #13 changed to a new testing system during FY06 and was required to purchase all new materials and supplies that were compatible with the new testing system. Also, the decrease in purchased services resulted from the Regional Office of Education #13 not being required to pay royalties for testing in FY06 due to an account error with testing items returned but not properly credited to the account.

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS (Continued)

The Regional Office of Education #13's governmental fund reported combined fund balances of \$1,326,767 compared with FY05's ending fund balances of \$1,307,493. The ROE received more local revenue and interest income in FY06 even though funds received from State revenue sources continue to decrease. An example of this is the ROE funds from the State have been reduced 50 percent in the last four years. However, no reductions in responsibilities have occurred. Other funds have also decreased or stayed constant. The constant funds do not take into account inflation, which results in a further decrease.

Governmental Fund Highlights

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

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

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

Further, we assist parents and other patrons on a daily basis as they call for information and/or other questions or problems with their children. We offer guidance services to parents as well as serving as a liaison or arbitrator between parents and the schools. We answer questions regarding bus service, grade problems, and even sports issues. We estimate that we have approximately ten calls or personal visits from parents each day.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

Proprietary Fund Highlights

The Regional Office of Education's major proprietary fund is a testing service, which allows schools to receive their testing results back within approximately one week in order that they may use those results to direct their curriculum activities. The Regional Office operates a technology coop, which gives direct assistance to staff in the schools to maintain and upgrade their technology efforts. This includes a strong emphasis on utilizing technology in the classroom as a teaching tool for students. The Regional Office of Education #13 also has a film cooperative program that purchases film and video materials for instructional use by schools in the region.

FIDUCIARY FUND TYPE

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

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

MEASUREMENT FOCUS

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

MEASUREMENT FOCUS (Concluded)

The fund financial statements of the Proprietary Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

BUDGETARY HIGHLIGHTS

The Regional Office of Education #13 Advisory Board approves an education plan. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office of Education #13 amended its annual operating budget several times to reflect additional revenue and expenditures associated with the additional services needed and provided to the local school districts. The Regional Office of Education #13 has a three-county budget for administrative purposes. Each county contributes financially to the Regional Office of Education #13 based upon the county's population. The total funds furnished by all three counties were approximately \$128,500. Another factor was the increase in state aid received in programs such as the Truant Alternative program and the Safe School program. This was due to more students enrolling or being sent to those programs by local districts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Regional Office of Education #13 does not invest in land or buildings. All other equipment remains owned by the State. Items purchased costing over \$1,000 is listed on the Regional Office of Education #13's inventory. At June 30, 2006 the Regional Office of Education #13 had an investment in capital assets of \$28,055, which is the original cost of the assets less the accumulated depreciation.

During FY06 the Regional Office of Education #13 made purchases costing \$8,050 in governmental activities and \$25,179 in business-type activities. Miscellaneous outdated equipment and furniture were discarded.

Debt

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

ADDITIONAL INFORMATION

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

The Management's Discussion and Analysis for the year ended June 30, 2006 is a continual and ongoing review of the financial statements, accounting and reporting capital assets and internal funds. This review has the objective to accomplish several things. Namely, where have we spent our funds, the relationship of those expenditures to the budget, an analysis of our remaining funds to complete our mission, and a cross-check to balance the various funds. This analysis includes ensuring that the proper documentation, authorization, and expenditures are complete and tied directly to our budget line items.

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

ADDITIONAL INFORMATION (Concluded)

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

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

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

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

BASIC FINANCIAL STATEMENTS

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 1,451,973	\$ 294,605	\$ 1,746,578
Due from other governments:			
Local	7,900	21,714	29,614
State	47,642	-	47,642
Federal	22,132	-	22,132
Total Current Assets	1,529,647	316,319	1,845,966
Noncurrent Assets			
Capital assets, being depreciated, net	28,055	20,089	48,144
TOTAL ASSETS	1,557,702	336,408	1,894,110
LIABILITIES			
Current Liabilities:			
Accounts payable	135,236	-	135,236
Due to other governments:			
Federal	55,629	-	55,629
Deferred revenue	12,015	-	12,015
TOTAL LIABILITIES	202,880	-	202,880
NET ASSETS			
Invested in capital assets	28,055	20,089	48,144
Unrestricted	1,213,702	316,319	1,530,021
Restricted for teacher professional development	113,065	-	113,065
TOTAL NET ASSETS	\$ 1,354,822	\$ 336,408	\$ 1,691,230

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Current:						
Instructional services:						
Salaries and benefits	\$ 1,684,674	\$ -	\$ 1,304,876	\$ (379,798)	\$ -	\$ (379,798)
Purchased services	410,083	-	251,715	(158,368)	-	(158,368)
Supplies and materials	76,467	-	37,135	(39,332)	-	(39,332)
Capital outlay	-	-	8,050	8,050	-	8,050
Other objects	10,221	-	847	(9,374)	-	(9,374)
Depreciation	17,561	-	-	(17,561)	-	(17,561)
Administrative:						
On-behalf payments - Local	128,452	-	-	(128,452)	-	(128,452)
On-behalf payments - State	229,959	-	-	(229,959)	-	(229,959)
Total governmental activities	<u>2,557,417</u>	<u>-</u>	<u>1,602,623</u>	<u>(954,794)</u>	<u>-</u>	<u>(954,794)</u>
Business-type activities:						
Operating	120,493	115,395	-	-	(5,098)	(5,098)
Total business-type activities	<u>120,493</u>	<u>115,395</u>	<u>-</u>	<u>-</u>	<u>(5,098)</u>	<u>(5,098)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,677,910</u>	<u>\$ 115,395</u>	<u>\$ 1,602,623</u>	<u>(954,794)</u>	<u>(5,098)</u>	<u>(959,892)</u>
GENERAL REVENUES						
Local sources				314,107	-	314,107
State sources				212,662	-	212,662
On-behalf payments - State				229,959	-	229,959
On-behalf payments - Local				128,452	-	128,452
Interest income				79,377	14,208	93,585
Loss on disposal of capital assets				(346)	-	(346)
Total general revenues				<u>964,211</u>	<u>14,208</u>	<u>978,419</u>
CHANGE IN NET ASSETS				<u>9,417</u>	<u>9,110</u>	<u>18,527</u>
NET ASSETS - BEGINNING				<u>1,345,405</u>	<u>327,298</u>	<u>1,672,703</u>
NET ASSETS - ENDING				<u>\$ 1,354,822</u>	<u>\$ 336,408</u>	<u>\$ 1,691,230</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash	\$ 61,145	\$ 1,250,693	\$ 140,135	\$ -	\$ 1,451,973
Due from other funds	-	17,063	-	(17,063)	-
Due from other governments:					
Local	7,000	900	-	-	7,900
State	-	47,642	-	-	47,642
Federal	-	22,132	-	-	22,132
TOTAL ASSETS	\$ 68,145	\$ 1,338,430	\$ 140,135	\$ (17,063)	\$ 1,529,647
LIABILITIES					
Accounts payable	\$ 3,515	\$ 131,721	\$ -	\$ -	\$ 135,236
Due to other funds	-	17,063	-	(17,063)	-
Due to other governments:					
Federal	-	55,629	-	-	55,629
Deferred revenue	-	12,015	-	-	12,015
Total Liabilities	3,515	216,428	-	(17,063)	202,880
FUND BALANCES					
Unreserved, reported in:					
General Fund	64,630	-	-	-	64,630
Special Revenue Fund	-	1,122,002	140,135	-	1,262,137
Total Fund Balances	64,630	1,122,002	140,135	-	1,326,767
TOTAL LIABILITIES AND FUND BALANCES	\$ 68,145	\$ 1,338,430	\$ 140,135	\$ (17,063)	\$ 1,529,647

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 1,326,767

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. 28,055

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,354,822

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUE					
Local sources	\$ 36,016	\$ 237,282	\$ 40,809	\$ -	\$ 314,107
Local sources - payments made on behalf of region	128,452	-	-	-	128,452
State sources	66,176	1,430,897	3,720	-	1,500,793
State sources - payments made on behalf of region	229,959	-	-	-	229,959
Federal sources	-	314,492	-	-	314,492
Total Revenues	<u>460,603</u>	<u>1,982,671</u>	<u>44,529</u>	<u>-</u>	<u>2,487,803</u>
EXPENDITURES					
Current:					
Salaries and benefits	68,068	1,611,931	4,675	-	1,684,674
Purchased services	42,785	330,580	36,718	-	410,083
Supplies and materials	11,028	55,138	10,301	-	76,467
Capital outlay	-	3,457	4,593	-	8,050
Other objects	8,325	1,101	795	-	10,221
On-behalf payments	358,411	-	-	-	358,411
Total Expenditures	<u>488,617</u>	<u>2,002,207</u>	<u>57,082</u>	<u>-</u>	<u>2,547,906</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(28,014)</u>	<u>(19,536)</u>	<u>(12,553)</u>	<u>-</u>	<u>(60,103)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	2,392	17,074	-	(19,466)	-
Transfer out	-	(19,466)	-	19,466	-
Interest	19,958	53,154	6,265	-	79,377
Total Other Financing Sources and Uses	<u>22,350</u>	<u>50,762</u>	<u>6,265</u>	<u>-</u>	<u>79,377</u>
NET CHANGE IN FUND BALANCES					
	(5,664)	31,226	(6,288)	-	19,274
FUND BALANCES - BEGINNING					
	<u>70,294</u>	<u>1,090,776</u>	<u>146,423</u>	<u>-</u>	<u>1,307,493</u>
FUND BALANCES - ENDING					
	<u>\$ 64,630</u>	<u>\$ 1,122,002</u>	<u>\$ 140,135</u>	<u>\$ -</u>	<u>\$ 1,326,767</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 19,274

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	\$ 8,050	
Depreciation expense	(17,561)	(9,511)

Governmental funds report capital outlays as expenditures at the time of purchase, therefore, when an asset is disposed of in a noncash transaction it is not reflected in the governmental activities financial statements at the time of disposal. However, in the Statement of Activities the difference between the asset's original cost and its related accumulated depreciation is reported as a loss on the disposal of the capital asset.

(346)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 9,417

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-Type Activities - Enterprise Funds		
	Technology / Testing Cooperative	Film Cooperative	Total
ASSETS			
Current assets:			
Cash	\$ 246,114	\$ 48,491	\$ 294,605
Due from local governments	21,714	-	21,714
Total current assets	<u>267,828</u>	<u>48,491</u>	<u>316,319</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:	20,089	-	20,089
Total noncurrent assets	<u>20,089</u>	<u>-</u>	<u>20,089</u>
TOTAL ASSETS	<u>287,917</u>	<u>48,491</u>	<u>336,408</u>
NET ASSETS			
Invested in capital assets	20,089	-	20,089
Unrestricted	267,828	48,491	316,319
TOTAL NET ASSETS	<u>\$ 287,917</u>	<u>\$ 48,491</u>	<u>\$ 336,408</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities - Enterprise Funds		
	Technology / Testing Cooperative	Film Cooperative	Total
	OPERATING REVENUES		
Local sources	\$ 111,615	\$ 3,780	\$ 115,395
Total operating revenues	<u>111,615</u>	<u>3,780</u>	<u>115,395</u>
OPERATING EXPENSES			
Salaries and benefits	54,152	-	54,152
Purchased services	3,434	-	3,434
Supplies and materials	57,327	94	57,421
Other objects	-	396	396
Depreciation	5,090	-	5,090
Total operating expenses	<u>120,003</u>	<u>490</u>	<u>120,493</u>
OPERATING INCOME (LOSS)	<u>(8,388)</u>	<u>3,290</u>	<u>(5,098)</u>
NONOPERATING REVENUES			
Interest	12,090	2,118	14,208
Total nonoperating revenues	<u>12,090</u>	<u>2,118</u>	<u>14,208</u>
CHANGE IN NET ASSETS	3,702	5,408	9,110
TOTAL NET ASSETS - BEGINNING	<u>284,215</u>	<u>43,083</u>	<u>327,298</u>
TOTAL NET ASSETS - ENDING	<u>\$ 287,917</u>	<u>\$ 48,491</u>	<u>\$ 336,408</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities - Enterprise Funds		
	Technology / Testing Cooperative	Film Cooperative	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 110,572	\$ 3,780	\$ 114,352
Payments to suppliers and providers of goods and services	(60,761)	(490)	(61,251)
Payments to employees	(54,152)	-	(54,152)
Net cash provided by (used for) operating activities	<u>(4,341)</u>	<u>3,290</u>	<u>(1,051)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(25,179)	-	(25,179)
Net cash provided by (used for) capital and financing activities	<u>(25,179)</u>	<u>-</u>	<u>(25,179)</u>
Cash flows from investing activities:			
Interest	12,090	2,118	14,208
Net cash provided by (used for) investing activities	<u>12,090</u>	<u>2,118</u>	<u>14,208</u>
Net increase (decrease) in cash and cash equivalents	(17,430)	5,408	(12,022)
Cash - beginning	<u>263,544</u>	<u>43,083</u>	<u>306,627</u>
Cash - ending	<u>\$ 246,114</u>	<u>\$ 48,491</u>	<u>\$ 294,605</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (8,388)	\$ 3,290	\$ (5,098)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	5,090	-	5,090
Change in assets and liabilities:			
Increase in Due from other governments	<u>(1,043)</u>	<u>-</u>	<u>(1,043)</u>
Net cash provided by (used for) operating activities	<u>\$ (4,341)</u>	<u>\$ 3,290</u>	<u>\$ (1,051)</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2006

	<u>Agency Fund</u>
ASSETS	
Due from other governments	<u>\$ 1,970,076</u>
Total Assets	<u><u>\$ 1,970,076</u></u>
LIABILITIES	
Due to other governments	<u>\$ 1,970,076</u>
Total Liabilities	<u><u>\$ 1,970,076</u></u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2006, the Regional Office of Education #13 implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an Amendment of NCGA Statement 1*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an Amendment of GASB Statement No. 34 and GASB Statement No. 47, *Accounting for Termination Benefits*. The Regional Office of Education #13 implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

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

A. FINANCIAL REPORTING ENTITY

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

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

For the period ended June 30, 2006, the Regional Office of Education #13 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #13. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

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

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

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

Title II Teacher Quality – This program provides teacher workshops.

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

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

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

Institute – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses for meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

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

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

PROPRIETARY FUNDS

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

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

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

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

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

FIDUCIARY FUND

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET ASSETS

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

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

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

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

I. CASH AND CASH EQUIVALENTS

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

J. INVENTORY

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

K. CAPITAL ASSETS

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

L. COMPENSATED ABSENCES

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

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

M. ESTIMATES

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

N. BUDGET INFORMATION

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

A. DEPOSITS

At June 30, 2006, the carrying amount of the Regional Office of Education #13's government-wide deposits were \$1,746,578 and the bank balance was \$1,945,918. Of the total bank balances as of June 30, 2006, \$111,150 was secured by federal depository insurance and \$1,786,745 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #13's name.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #13 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2006, the Regional Office of Education #13 had investments with carrying and fair value of \$48,023 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2006, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 - DEFINED BENEFIT PENSION PLAN

The Regional Office of Education #13's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF 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.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #13 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 12.60 percent of payroll. The Regional Office of Education #13's contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005, was 5 years.

For December 31, 2005, the Regional Office of Education #13's annual pension cost of \$97,563 was equal to the Regional Office of Education #13's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002 - 2004 experience study.

A. TREND INFORMATION

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/05	97,563	100%	\$0
12/31/04	88,445	100%	0
12/31/03	81,962	100%	0
12/31/02	71,238	100%	0
12/31/01	71,087	100%	0
12/31/00	66,653	100%	0
12/31/99	49,354	100%	0
12/31/98	46,475	100%	0
12/31/97	29,975	100%	0
12/31/96	31,316	100%	0

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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

The Regional Office of Education #13 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of the retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.80 percent.

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

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #13. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office of Education #13 recognized revenue and expenditures of \$46,760 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005, and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$75,070) and 13.98 percent (\$92,045), respectively.

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

- **2.2 formula contributions.** Employers contribute .58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$3,841. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$3,703 and \$3,819, respectively.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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

- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education #13, there is a statutory requirement for the Regional Office of Education #13 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from those funds. For the two years ended June 30, 2005, the employer contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$79,726 were paid from federal and trust funds that required employer contributions of \$5,689. For the years ended June 30, 2005, and June 30 2004, required Regional Office of Education #13 contributions were \$8,520 and \$8,566, respectively.
- **Early Retirement Option.** The Regional Office of Education #13 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, 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. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO). Under the ERO program that expired June 30 2005, and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2006, the Regional Office of Education #13 paid \$ - to TRS for employer contributions for under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the Regional Office of Education #13 paid \$ - in employer ERO contributions.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for year ended June 30, 2005. The report for the year ended June 30, 2006, is expected to be available in late 2006. The reports may be obtained by writing to the Teacher's 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 trs.illinois.gov.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 5 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2006 consist of the following individual due to/from other funds in the governmental fund balance sheet. These balances were eliminated in the government-wide Statement of Net Assets.

<u>From</u>	<u>To</u>	<u>Amount</u>
<u>Education Fund</u> Alternative Education Project	<u>Education Fund</u> Regional System of Support Provider	\$ 17,063

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2006 consist of the following individual transfers in/out to other funds in the governmental fund balance sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
<u>Education Fund:</u>	<u>Education Fund:</u>	
Regional Safe School	Safe School Tuition	\$ 7,000
Regional Safe School	Safe School Projects	7,413
Internal Review	Title II Teacher Quality	435
Regional System of Support Provider	Title II Teacher Quality	2,226
 <u>General Fund:</u>	 <u>Education Fund:</u>	
ROE/ISC Operations	Alternative Education Project	2,392
Total Transfers In/Out		<u>\$ 19,466</u>

NOTE 6 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #13 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental activities statements. Purchases of business-type capital assets are capitalized when purchased. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2006 of \$17,561 and \$5,090 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 6 - CAPITAL ASSETS ACTIVITY (Continued)

The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2006:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Governmental Activities:				
<u>General Fund</u>				
ROE Operations	\$ 51,294	\$ -	\$ 13,048	\$ 38,246
School Development and Improvement	84,908	1,263	3,100	83,071
Special Projects	6,200	-	1,670	4,530
<u>Education Fund</u>				
Truants Alternative/Optional Education	35,302	-	-	35,302
Even Start/Early Childhood Block Grant	19,448	-	-	19,448
Title I - Reading First Part B SEA Funds	5,608	-	-	5,608
Title II - Teacher Quality	2,712	-	-	2,712
Regional Safe Schools	20,241	-	-	20,241
Special Education for Infants and Families with Disabilities	57,666	-	575	57,091
Alternative Education Project	2,988	-	-	2,988
Safe School Tuition	4,710	-	-	4,710
Safe School Projects	28,082	2,194	2,768	27,508
Scientific Literacy	3,917	-	-	3,917
<u>Nonmajor Fund</u>				
Institute	6,000	-	6,000	-
General Education Development	873	4,593	-	5,466
Governmental Funds Total Assets	329,949	8,050	27,161	310,838
Less: Accumulated Depreciation	292,037	17,561	26,815	282,783
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 37,912</u>	<u>\$ (9,511)</u>	<u>\$ 346</u>	<u>\$ 28,055</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 6 - CAPITAL ASSETS ACTIVITY (Concluded)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Business-type Activities:				
Technology/Testing Cooperative	\$ 2,675	\$ 25,179	\$ -	\$ 27,854
Business-type Activities				
Total Capital Assets	2,675	25,179	-	27,854
Less: Accumulated Depreciation	<u>2,675</u>	<u>5,090</u>	<u>-</u>	<u>7,765</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ -</u>	<u>\$ 20,089</u>	<u>\$ -</u>	<u>\$ 20,089</u>

NOTE 7 - RISK MANAGEMENT

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

NOTE 8 – ON BEHALF PAYMENTS

Clinton, Marion and Washington Counties provide the Regional Office of Education #13 with staff and pay certain expenditures on behalf of the Regional Office of Education #13. The expenditures paid on the Regional Office of Education #13's behalf for the year ended June 30, 2006, were as follows:

Salaries and benefits	\$101,848
Purchased services	20,838
Supplies and materials	<u>5,766</u>
Total	<u>\$128,452</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 8 – ON BEHALF PAYMENTS (Concluded)

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

Regional Superintendent Salary	\$ 84,737
Regional Superintendent Fringe Benefit (Includes State paid insurance)	13,425
Assistant Regional Superintendent Salary	69,908
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	15,129
TRS Pension contribution	<u>46,760</u>
 Total	 <u>\$229,959</u>

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

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

NOTE 9 - DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments:

<u>Fiduciary Fund</u>	
Illinois State Board of Education	\$1,970,076
<u>General Fund</u>	
Local Governments	7,000
<u>Proprietary Fund</u>	
Local Governments	21,714
<u>Education Fund</u>	
Local Governments	900
Illinois State Board of Education	47,642
Federal Government	<u>22,132</u>
Total	<u>\$2,069,464</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

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

Due To Other Governments:

Fiduciary Fund

Local School Districts	\$1,970,076
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Education Fund

Federal Government	<u>55,629</u>
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Total	<u>\$2,025,705</u>
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NOTE 10 - GENERAL STATE AID

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

From State Sources:

Alternative Education Project	\$ 113,660
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Safe School Project	<u>112,523</u>
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Total General State Aid	<u>\$ 226,183</u>
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NOTE 11 - OPERATING LEASE

The Regional Office of Education #13 has entered into several annual operating lease agreements for the Alternative School, Safe School, Child and Family Connections program, and the Kaskaskia Area Partnership Workforce Preparation program within the Education Fund. Total rent expense for the year ended June 30, 2006 is \$29,325.

REQUIRED SUPPLEMENTAL INFORMATION
(Other than Management Discussion and Analysis)

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	1,059,724	1,164,174	104,450	91.03%	774,312	13.49%
12/31/04	872,917	1,026,697	153,780	85.02%	743,861	20.67%
12/31/03	763,591	912,023	148,432	83.72%	736,403	20.16%
12/31/02	782,955	849,216	66,261	92.20%	752,245	8.81%
12/31/01	689,235	749,920	60,685	91.91%	696,931	8.71%
12/31/00	528,496	558,804	30,308	94.58%	545,446	5.56%
12/31/99	399,069	458,903	59,834	86.96%	456,138	13.12%
12/31/98	292,955	394,174	101,219	74.32%	413,112	24.50%
12/31/97	219,958	278,945	58,987	78.85%	283,832	20.78%
12/31/96	162,706	213,496	50,790	76.21%	259,451	19.58%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$1,070,872.

On a market basis, the funded ratio would be 91.99%

*** Digest of changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2006

	ROE/ISC Operations	School Development and Improvement	Special Projects	TOTALS
ASSETS				
Cash	\$ 3,515	\$ 898	\$ 56,732	\$ 61,145
Due from local governments	-	-	7,000	7,000
TOTAL ASSETS	\$ 3,515	\$ 898	\$ 63,732	\$ 68,145
LIABILITIES				
Accounts payable	\$ 3,515	-	-	\$ 3,515
Total Liabilities	3,515	-	-	3,515
FUND BALANCES				
Unreserved	-	898	63,732	64,630
Total Fund Balances	-	898	63,732	64,630
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,515	\$ 898	\$ 63,732	\$ 68,145

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

	ROE/ISC Operations	School Development and Improvement	Special Projects	TOTALS
REVENUES				
Local sources	\$ -	\$ -	\$ 36,016	\$ 36,016
Local sources - payments made on behalf of region	-	-	128,452	128,452
State sources	66,176	-	-	66,176
State sources - payments made on behalf of region	-	-	229,959	229,959
Total Revenues	<u>66,176</u>	<u>-</u>	<u>394,427</u>	<u>460,603</u>
EXPENDITURES				
Current:				
Salaries and benefits	64,769	-	3,299	68,068
Purchased services	3,061	-	39,724	42,785
Supplies and materials	1,446	-	9,582	11,028
Other objects	-	-	8,325	8,325
On-behalf payments	-	-	358,411	358,411
Total Expenditures	<u>69,276</u>	<u>-</u>	<u>419,341</u>	<u>488,617</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,100)</u>	<u>-</u>	<u>(24,914)</u>	<u>(28,014)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	2,392	-	-	2,392
Interest	103	31	19,824	19,958
Total other financing sources (uses)	<u>2,495</u>	<u>31</u>	<u>19,824</u>	<u>22,350</u>
NET CHANGE IN FUND BALANCES	(605)	31	(5,090)	(5,664)
FUND BALANCES - BEGINNING	<u>605</u>	<u>867</u>	<u>68,822</u>	<u>70,294</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 898</u>	<u>\$ 63,732</u>	<u>\$ 64,630</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2005 to June 30, 2006)
 GENERAL FUND ACCOUNTS
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 66,176	\$ 66,176	\$ 66,176
Total Revenues	<u>66,176</u>	<u>66,176</u>	<u>66,176</u>
EXPENDITURES			
Current:			
Salaries and benefits	63,400	63,400	64,769
Purchased services	2,476	2,476	3,061
Supplies and materials	300	300	1,446
Total Expenditures	<u>66,176</u>	<u>66,176</u>	<u>69,276</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(3,100)</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	2,392
Interest	-	-	103
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,495</u>
NET CHANGE IN FUND BALANCES			
	-	-	(605)
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>605</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2006

	Administrator's Academy	Truant Alternative/Optional Education	Title IV Safe & Drug Free School	Even Start/ Early Childhood Block Grant	Title I Reading First Part B SEA Funds	Title II Teacher Quality
ASSETS						
Cash	\$ 7,156	\$ 101,828	\$ 6,950	\$ 71,668	\$ 4,450	\$ 124,344
Due from other funds	-	-	-	-	-	-
Due from other governments:						
Local	-	-	-	-	-	-
State	-	-	-	47,642	-	-
Federal	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 7,156</u>	<u>\$ 101,828</u>	<u>\$ 6,950</u>	<u>\$ 119,310</u>	<u>\$ 4,450</u>	<u>\$ 124,344</u>
LIABILITIES						
Accounts payable	\$ -	\$ 10,657	\$ -	\$ 80,124	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Due to other governments	-	233	87	-	447	-
Deferred revenue	-	-	-	-	4,003	-
Total Liabilities	<u>-</u>	<u>10,890</u>	<u>87</u>	<u>80,124</u>	<u>4,450</u>	<u>-</u>
FUND BALANCES						
Unreserved	7,156	90,938	6,863	39,186	-	124,344
Total Fund Balances	<u>7,156</u>	<u>90,938</u>	<u>6,863</u>	<u>39,186</u>	<u>-</u>	<u>124,344</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,156</u>	<u>\$ 101,828</u>	<u>\$ 6,950</u>	<u>\$ 119,310</u>	<u>\$ 4,450</u>	<u>\$ 124,344</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2006

	Regional Safe Schools	Standards Aligned Classroom	Conference	Staff Development	Special Education for Infants and Families with Disabilities	Kaskaskia Area Partnership Workforce Preparation	Internal Review
ASSETS							
Cash	\$ 23,647	\$ 6,252	\$ 1,653	\$ 26,280	\$ 81,036	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments:							
Local	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Federal	-	2,000	-	-	-	-	-
TOTAL ASSETS	\$ 23,647	\$ 8,252	\$ 1,653	\$ 26,280	\$ 81,036	\$ -	\$ -
LIABILITIES							
Accounts payable	\$ 14,526	\$ -	\$ -	\$ -	\$ 26,414	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to other governments	-	240	-	-	54,622	-	-
Deferred revenue	-	8,012	-	-	-	-	-
Total Liabilities	14,526	8,252	-	-	81,036	-	-
FUND BALANCES							
Unreserved	9,121	-	1,653	26,280	-	-	-
Total Fund Balances	9,121	-	1,653	26,280	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,647	\$ 8,252	\$ 1,653	\$ 26,280	\$ 81,036	\$ -	\$ -

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2006

	Mathematics and Science Partnerships	Regional System of Support Provider	Alternative Education Project	Safe School Tuition	Safe School Projects	Total
ASSETS						
Cash	\$ -	\$ -	\$ 485,561	\$ 135,341	\$ 174,527	\$ 1,250,693
Due from other funds	-	-	17,063	-	-	17,063
Due from other governments:						
Local	-	-	-	900	-	900
State	-	-	-	-	-	47,642
Federal	-	17,063	-	-	3,069	22,132
TOTAL ASSETS	\$ -	\$ 17,063	\$ 502,624	\$ 136,241	\$ 177,596	\$ 1,338,430
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,721
Due to other funds	-	17,063	-	-	-	17,063
Due to other governments	-	-	-	-	-	55,629
Deferred revenue	-	-	-	-	-	12,015
Total Liabilities	-	17,063	-	-	-	216,428
FUND BALANCES						
Unreserved	-	-	502,624	136,241	177,596	1,122,002
Total Fund Balances	-	-	502,624	136,241	177,596	1,122,002
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 17,063	\$ 502,624	\$ 136,241	\$ 177,596	\$ 1,338,430

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

	Administrator's Academy	Truant Alternative/Optional Education	Title IV Safe & Drug Free School	Even Start/ Early Childhood Block Grant	Title I Reading First Part B SEA Funds	Title II Teacher Quality
REVENUES						
Local sources	\$ 4,384	\$ 637	\$ 13,760	\$ 12,000	\$ -	\$ 51,280
State sources	-	145,534	-	519,354	-	-
Federal sources	-	14,367	16,360	-	13,035	-
Total Revenue	<u>4,384</u>	<u>160,538</u>	<u>30,120</u>	<u>531,354</u>	<u>13,035</u>	<u>51,280</u>
EXPENDITURES						
Current:						
Salaries and benefits	-	118,130	28,382	484,975	3,681	47
Purchased services	6,443	27,212	1,525	32,889	6,588	33,211
Supplies and materials	-	1,987	-	17,206	2,866	3,104
Capital outlay	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
Total Expenditures	<u>6,443</u>	<u>147,329</u>	<u>29,907</u>	<u>535,070</u>	<u>13,135</u>	<u>36,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,059)</u>	<u>13,209</u>	<u>213</u>	<u>(3,716)</u>	<u>(100)</u>	<u>14,918</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	(2,661)
Interest	356	3,468	260	3,246	100	4,655
Total Other Financing Sources (Uses)	<u>356</u>	<u>3,468</u>	<u>260</u>	<u>3,246</u>	<u>100</u>	<u>1,994</u>
NET CHANGE IN FUND BALANCES	<u>(1,703)</u>	<u>16,677</u>	<u>473</u>	<u>(470)</u>	<u>-</u>	<u>16,912</u>
FUND BALANCES - BEGINNING	<u>8,859</u>	<u>74,261</u>	<u>6,390</u>	<u>39,656</u>	<u>-</u>	<u>107,432</u>
FUND BALANCES - ENDING	<u>\$ 7,156</u>	<u>\$ 90,938</u>	<u>\$ 6,863</u>	<u>\$ 39,186</u>	<u>\$ -</u>	<u>\$ 124,344</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

	Regional Safe Schools	Standards Aligned Classroom	Conference	Staff Development	Special Education for Infants and Families with Disabilities	Kaskaskia Area Partnership Workforce Preparation	Internal Review
REVENUES							
Local sources	\$ 1,163	\$ -	\$ 7,600	\$ 8,720	\$ 25	\$ -	\$ -
State sources	153,057	-	1,510	22,466	348,614	-	1,625
Federal sources	-	11,320	-	-	205,705	847	-
Total Revenue	<u>154,220</u>	<u>11,320</u>	<u>9,110</u>	<u>31,186</u>	<u>554,344</u>	<u>847</u>	<u>1,625</u>
EXPENDITURES							
Current:							
Salaries and benefits	132,488	4,676	240	8,741	416,039	-	-
Purchased services	26,234	4,521	9,442	11,662	132,683	-	1,457
Supplies and materials	1,293	2,223	-	1,167	7,984	-	603
Capital outlay	-	-	-	1,263	-	-	-
Other objects	-	-	-	-	-	854	-
Total Expenditures	<u>160,015</u>	<u>11,420</u>	<u>9,682</u>	<u>22,833</u>	<u>556,706</u>	<u>854</u>	<u>2,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,795)</u>	<u>(100)</u>	<u>(572)</u>	<u>8,353</u>	<u>(2,362)</u>	<u>(7)</u>	<u>(435)</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	14,413	-	-	-	-	-	435
Transfer out	-	-	-	-	-	-	-
Interest	503	100	142	620	2,362	7	-
Total Other Financing Sources (Uses)	<u>14,916</u>	<u>100</u>	<u>142</u>	<u>620</u>	<u>2,362</u>	<u>7</u>	<u>435</u>
NET CHANGE IN FUND BALANCES	9,121	-	(430)	8,973	-	-	-
FUND BALANCES - BEGINNING	-	-	2,083	17,307	-	-	-
FUND BALANCES - ENDING	<u>\$ 9,121</u>	<u>\$ -</u>	<u>\$ 1,653</u>	<u>\$ 26,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

	Mathematics and Science Partnerships	Regional System of Support Provider	Alternative Education Project	Safe School Tuition	Safe School Projects	TOTAL
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ 125,435	\$ 12,278	\$ 237,282
State sources	-	12,554	113,660	-	112,523	1,430,897
Federal sources	3,705	49,153	-	-	-	314,492
Total Revenue	<u>3,705</u>	<u>61,707</u>	<u>113,660</u>	<u>125,435</u>	<u>124,801</u>	<u>1,982,671</u>
EXPENDITURES						
Current:						
Salaries and benefits	2,500	61,343	141,375	63,947	145,367	1,611,931
Purchased services	398	2,590	10,866	10,663	12,196	330,580
Supplies and materials	941	-	2,281	12,052	1,431	55,138
Capital outlay	-	-	-	-	2,194	3,457
Other objects	-	-	-	247	-	1,101
Total Expenditures	<u>3,839</u>	<u>63,933</u>	<u>154,522</u>	<u>86,909</u>	<u>161,188</u>	<u>2,002,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(134)</u>	<u>(2,226)</u>	<u>(40,862)</u>	<u>38,526</u>	<u>(36,387)</u>	<u>(19,536)</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	2,226	-	-	-	17,074
Transfer out	-	-	(2,392)	(7,000)	(7,413)	(19,466)
Interest	134	-	23,480	5,098	8,623	53,154
Total Other Financing Sources (Uses)	<u>134</u>	<u>2,226</u>	<u>21,088</u>	<u>(1,902)</u>	<u>1,210</u>	<u>50,762</u>
NET CHANGE IN FUND BALANCES	-	-	(19,774)	36,624	(35,177)	31,226
FUND BALANCES - BEGINNING	-	-	522,398	99,617	212,773	1,090,776
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,624</u>	<u>\$ 136,241</u>	<u>\$ 177,596</u>	<u>\$ 1,122,002</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
TRUANT ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 637
State sources	144,610	144,610	145,534
Federal sources		-	14,367
Total Revenues	<u>144,610</u>	<u>144,610</u>	<u>160,538</u>
EXPENDITURES			
Current:			
Salaries and benefits	119,390	118,290	118,130
Purchased services	24,220	25,320	27,212
Supplies and materials	1,000	1,000	1,987
Total Expenditures	<u>144,610</u>	<u>144,610</u>	<u>147,329</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	-	-	<u>13,209</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	3,468
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,468</u>
NET CHANGE IN FUND BALANCES			
	-	-	16,677
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>74,261</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,938</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
TITLE IV SAFE & DRUG FREE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 13,760
Federal sources	16,360	16,360	16,360
Total Revenues	<u>16,360</u>	<u>16,360</u>	<u>30,120</u>
EXPENDITURES			
Current:			
Salaries and benefits	12,924	12,924	28,382
Purchased services	3,436	3,436	1,525
Total Expenditures	<u>16,360</u>	<u>16,360</u>	<u>29,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>213</u>
OTHER FINANCING SOUCES (USES)			
Interest	-	-	260
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>260</u>
NET CHANGE IN FUND BALANCES			
	-	-	473
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>6,390</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,863</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
EVEN START/EARLY CHILDHOOD BLOCK GRANT
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ 12,000	\$ 12,000	\$ 12,000
State sources	508,022	519,354	519,354
Federal sources	-	-	-
Total Revenues	<u>520,022</u>	<u>531,354</u>	<u>531,354</u>
EXPENDITURES			
Current:			
Salaries and benefits	451,672	466,534	484,975
Purchased services	45,490	41,960	32,889
Supplies and materials	22,860	22,860	17,206
Total Expenditures	<u>520,022</u>	<u>531,354</u>	<u>535,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(3,716)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	3,246
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,246</u>
NET CHANGE IN FUND BALANCES			
	-	-	(470)
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>39,656</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,186</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
TITLE I READING FIRST PART B SEA FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 39,327	\$ 24,327	\$ 13,035
Total Revenues	<u>39,327</u>	<u>24,327</u>	<u>13,035</u>
EXPENDITURES			
Current:			
Salaries and benefits	9,327	7,000	3,681
Purchased services	27,000	15,327	6,588
Supplies and materials	3,000	2,000	2,866
Total Expenditures	<u>39,327</u>	<u>24,327</u>	<u>13,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(100)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>100</u>
NET CHANGE IN FUND BALANCES			
	-	-	-
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Local sources	\$ -	\$ -	\$ 1,163
State sources	147,382	153,057	153,057
Total Revenues	<u>147,382</u>	<u>153,057</u>	<u>154,220</u>
EXPENDITURES			
Current:			
Salaries and benefits	127,826	131,900	132,488
Purchased services	18,443	19,956	26,234
Supplies and materials	1,113	1,201	1,293
Total Expenditures	<u>147,382</u>	<u>153,057</u>	<u>160,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(5,795)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	14,413
Interest	-	-	503
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>14,916</u>
NET CHANGE IN FUND BALANCES			
	-	-	9,121
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,121</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
SPECIAL EDUCATION FOR INFANTS AND FAMILIES WITH DISABILITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 25
State sources	-	-	348,614
Federal sources	647,278	647,278	205,705
Total Revenues	<u>647,278</u>	<u>647,278</u>	<u>554,344</u>
EXPENDITURES			
Current:			
Salaries and benefits	451,466	451,466	416,039
Purchased services	185,812	185,812	132,683
Supplies and materials	6,000	6,000	7,984
Capital outlay	4,000	4,000	-
Total Expenditures	<u>647,278</u>	<u>647,278</u>	<u>556,706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(2,362)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	2,362
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,362</u>
NET CHANGE IN FUND BALANCES			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2005 to June 30, 2006)
EDUCATION FUND ACCOUNTS
SAFE SCHOOL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 12,278
State sources	-	-	112,523
Federal sources	13,074	12,278	-
Total Revenues	<u>13,074</u>	<u>12,278</u>	<u>124,801</u>
EXPENDITURES			
Current:			
Salaries and benefits	13,074	12,278	145,367
Purchased services	-	-	12,196
Supplies and materials	-	-	1,431
Capital outlay	-	-	2,194
Total Expenditures	<u>13,074</u>	<u>12,278</u>	<u>161,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(36,387)</u>
OTHER FINANCING SOURCES (USES)			
Transfer out	-	-	(7,413)
Interest	-	-	8,623
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,210</u>
NET CHANGE IN FUND BALANCES			
	<u>-</u>	<u>-</u>	<u>(35,177)</u>
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>212,773</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,596</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2006

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>TOTALS</u>
ASSETS					
Cash	\$ 113,065	\$ 16,627	\$ 10,443	\$ -	\$ 140,135
TOTAL ASSETS	<u>\$ 113,065</u>	<u>\$ 16,627</u>	<u>\$ 10,443</u>	<u>\$ -</u>	<u>\$ 140,135</u>
FUND BALANCES					
Unreserved	\$ 113,065	\$ 16,627	\$ 10,443	\$ -	\$ 140,135
TOTAL FUND BALANCES	<u>\$ 113,065</u>	<u>\$ 16,627</u>	<u>\$ 10,443</u>	<u>\$ -</u>	<u>\$ 140,135</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
REVENUES					
Local sources	\$ 29,020	\$ 10,237	\$ 1,552	\$ -	\$ 40,809
State sources	-	-	720	3,000	3,720
Total Revenues	<u>29,020</u>	<u>10,237</u>	<u>2,272</u>	<u>3,000</u>	<u>44,529</u>
EXPENDITURES					
Current:					
Salaries and benefits	-	2,673	2,002	-	4,675
Purchased services	26,930	4,428	2,301	3,059	36,718
Supplies and materials	2,674	7,600	27	-	10,301
Other objects	795	-	-	-	795
Capital outlay	-	4,593	-	-	4,593
Total Expenditures	<u>30,399</u>	<u>19,294</u>	<u>4,330</u>	<u>3,059</u>	<u>57,082</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,379)</u>	<u>(9,057)</u>	<u>(2,058)</u>	<u>(59)</u>	<u>(12,553)</u>
OTHER FINANCING SOURCES (USES)					
Interest	4,685	1,014	529	37	6,265
Total Other Financing Sources (Uses)	<u>4,685</u>	<u>1,014</u>	<u>529</u>	<u>37</u>	<u>6,265</u>
NET CHANGE IN FUND BALANCES	3,306	(8,043)	(1,529)	(22)	(6,288)
FUND BALANCES - BEGINNING	<u>109,759</u>	<u>24,670</u>	<u>11,972</u>	<u>22</u>	<u>146,423</u>
FUND BALANCES - ENDING	<u>\$ 113,065</u>	<u>\$ 16,627</u>	<u>\$ 10,443</u>	<u>\$ -</u>	<u>\$ 140,135</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>7/1/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2006</u>
<u>Distributive Fund</u>				
ASSETS				
Cash	\$ 409,471	\$ 64,736,138	\$ 65,145,609	\$ -
Due from other governments	381,314	1,970,076	381,314	1,970,076
	<u>\$ 790,785</u>	<u>\$ 66,706,214</u>	<u>\$ 65,526,923</u>	<u>\$ 1,970,076</u>
LIABILITIES				
Due to other governments	\$ 790,785	\$ 66,706,214	\$ 65,526,923	\$ 1,970,076
	<u>\$ 790,785</u>	<u>\$ 66,706,214</u>	<u>\$ 65,526,923</u>	<u>\$ 1,970,076</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2006

TREASURER	General State Aid	Special Education	Vocational Education	Bilingual Ed	Lunch & Milk	Driver Education
Perez (#1)	\$ 3,545,017	\$ 278,680	\$ -	\$ -	\$ 172,453	\$ 12,205
Bair (#3)	3,961,788	258,218	-	-	134,109	15,392
Nettemeier (#12)	1,519,122	178,143	-	-	97,493	-
Kohlbrecher (#14/15)	629,232	21,738	-	-	10,899	-
Kuper (#21)	902,737	38,534	-	-	14,539	-
Holtkamp (#46)	793,282	56,888	-	-	52,207	-
Toennies (#57)	639,247	37,861	-	-	6,111	-
Beckmann (#60)	914,824	46,152	-	-	19,418	-
Arentsen (#62)	351,246	24,387	-	2,119	11,913	-
Deimeke (#63)	550,122	19,543	-	-	11,753	-
Kampwerth (#71)	1,232,546	77,015	-	-	38,779	35,270
Holtkamp (#186)	553,395	21,072	-	-	34,001	-
Smith (#1)	1,119,549	49,871	-	-	53,832	-
Alvis (#2)	465,114	9,109	-	-	23,314	-
Hall (#7)	1,227,088	33,026	-	-	78,677	-
Phillips (#10)	813,173	78,447	-	-	35,156	-
Woolsey (#100)	743,525	45,674	-	-	65,848	2,337
Lloyd (#111)	3,686,028	233,717	-	-	244,794	-
Laffoon (#122)	1,142,703	49,238	-	-	54,992	-
Holtkamp (#133)	1,206,292	37,114	-	-	69,321	-
Woelfel (#135)	5,732,574	428,478	-	-	514,856	-
Broughton (#200)	3,667,850	123,504	-	-	67,409	31,421
Doolen (#401)	2,390,795	177,227	-	-	173,177	7,531
Humes (#501)	2,579,765	149,665	-	-	149,384	5,453
Hughes (#600)	2,717,320	117,488	-	-	85,185	28,717
Laffoon (#700)	379,837	15,805	-	-	7,492	4,037
McClay (#1)	241,551	17,876	-	-	11,645	-
Hund (#10)	2,033,782	92,679	-	-	42,958	6,492
Beckmeyer (#11)	388,835	21,500	-	-	40,167	-
Deering (#15)	559,143	35,127	-	-	41,708	-
Bierman (#29)	235,270	16,531	-	-	17,062	-
Snead (#49)	842,587	103,829	-	-	69,279	-
Brueggemann (#99)	1,442,770	67,848	-	-	20,670	16,077
IL Funds Interest	-	-	-	-	-	-
Reg Voca Deliv Syst	-	-	546,412	-	-	-
Totals	<u>\$ 49,208,109</u>	<u>\$ 2,961,984</u>	<u>\$ 546,412</u>	<u>\$ 2,119</u>	<u>\$ 2,470,601</u>	<u>\$ 164,932</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2006

TREASURER	Transportation	Reading Improvement	Safety/Ed Block Grant	National Bd Initiatives	Early Childhood
Perez (#1)	\$ 296,237	\$ 41,009	\$ 40,551	\$ 7,896	\$ 298,223
Bair (#3)	169,900	37,485	43,352	-	232,348
Nettemeier (#12)	135,163	26,659	19,851	-	-
Kohlbrecher (#14/15)	16,511	10,719	6,131	-	78,214
Kuper (#21)	46,769	10,201	9,699	-	-
Holtkamp (#46)	44,358	10,813	6,709	-	-
Toennies (#57)	29,707	5,713	5,573	-	-
Beckmann (#60)	45,301	10,743	8,975	-	40,735
Arentsen (#62)	21,213	3,679	3,434	-	-
Deimeke (#63)	16,822	7,434	5,580	-	-
Kampwerth (#71)	203,716	-	20,329	-	-
Holtkamp (#186)	15,211	7,129	3,155	-	-
Smith (#1)	122,159	14,754	9,230	-	-
Alvis (#2)	40,402	6,935	3,737	-	-
Hall (#7)	139,185	13,026	9,629	-	-
Phillips (#10)	65,181	9,642	7,699	-	-
Woolsey (#100)	116,740	10,331	9,269	-	-
Lloyd (#111)	178,687	62,412	30,971	-	-
Laffoon (#122)	33,686	16,070	7,821	-	116,776
Holtkamp (#133)	31,538	17,111	8,825	-	-
Woelfel (#135)	363,553	106,691	44,049	-	-
Broughton (#200)	113,908	-	34,597	7,896	-
Doolen (#401)	304,336	29,255	23,659	-	-
Humes (#501)	151,099	25,777	18,776	-	104,519
Hughes (#600)	87,374	-	25,813	-	-
Laffoon (#700)	8,460	-	2,950	-	-
McClay (#1)	37,303	3,313	2,539	-	-
Hund (#10)	244,422	15,310	20,814	-	-
Beckmeyer (#11)	18,614	-	3,617	-	-
Deering (#15)	72,166	12,270	5,582	-	-
Bierman (#29)	31,818	3,709	3,178	-	-
Snead (#49)	99,029	22,572	16,462	4,396	166,864
Brueggemann (#99)	184,043	-	16,321	3,396	-
IL Funds Interest	-	-	-	-	-
Reg Voca Deliv Syst	-	-	-	-	-
Totals	<u>\$ 3,484,611</u>	<u>\$ 540,762</u>	<u>\$ 478,877</u>	<u>\$ 23,584</u>	<u>\$ 1,037,679</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2006

TREASURER	Title Programs	Technology Enhancing Ed	Other Federal Program	Interest	TOTALS
Perez (#1)	\$ 319,460	\$ 3,782	\$ -	\$ -	\$ 5,015,513
Bair (#3)	141,494	1,486	1,000	-	4,996,572
Nettemeier (#12)	105,686	1,251	-	-	2,083,368
Kohlbrecher (#14/15)	58,057	1,018	-	-	832,519
Kuper (#21)	8,709	-	-	-	1,031,188
Holtkamp (#46)	46,535	-	-	-	1,010,792
Toennies (#57)	14,768	94	-	-	739,074
Beckmann (#60)	22,360	-	-	-	1,108,508
Arentsen (#62)	9,233	-	-	-	427,224
Deimeke (#63)	20,274	272	-	-	631,800
Kampwerth (#71)	60,699	652	-	-	1,669,006
Holtkamp (#186)	52,144	-	-	-	686,107
Smith (#1)	68,480	21,126	-	-	1,459,001
Alvis (#2)	34,658	298	-	-	583,567
Hall (#7)	53,452	68,000	-	-	1,622,083
Phillips (#10)	46,686	616	-	-	1,056,600
Woolsey (#100)	98,265	1,098	-	-	1,093,087
Lloyd (#111)	376,152	5,432	-	-	4,818,193
Laffoon (#122)	50,480	1,457	-	-	1,473,223
Holtkamp (#133)	139,308	1,685	-	-	1,511,194
Woelfel (#135)	806,582	13,785	13,000	-	8,023,568
Broughton (#200)	316,362	4,523	-	-	4,367,470
Doolen (#401)	285,933	-	-	-	3,391,913
Humes (#501)	221,785	3,864	-	-	3,410,087
Hughes (#600)	158,760	2,125	2,000	-	3,224,782
Laffoon (#700)	2,785	430	-	-	421,796
McClay (#1)	3,160	-	-	-	317,387
Hund (#10)	49,730	498	-	-	2,506,685
Beckmeyer (#11)	189,059	608	-	-	662,400
Deering (#15)	92,365	1,252	-	-	819,613
Bierman (#29)	-	-	-	-	307,568
Snead (#49)	81,020	525	-	-	1,406,563
Brueggemann (#99)	90,357	974	-	-	1,842,456
IL Funds Interest	-	-	-	48,290	48,290
Reg Voca Deliv Syst	-	-	-	-	546,412
Totals	<u>\$ 4,024,798</u>	<u>\$ 136,851</u>	<u>\$ 16,000</u>	<u>\$ 48,290</u>	<u>\$ 65,145,609</u>

CLINTON, MARION AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/05 - 6/30/06
U.S. Dept. of Education Passed through Illinois State Board of Education:			
Title IV Safe and Drug Free Schools	84.184	06-4400-00	\$ 16,360
Title I Reading First Part B SEA	84.357	06-4337-02	<u>13,035</u>
Total U.S. Dept of Education Passed through Illinois State Board of Education			<u>29,395</u>
U.S. Dept. of Education			
Passed through Madison County Regional Office of Education #41			
Mathematic and Science Partnership	84.366	05-4936-00	<u>3,705</u>
Total U.S. Dept. of Education			<u>3,705</u>
Passed through Madison County Regional Office of Education #41			
U.S. Dept. of Education Passed through			
St. Clair County Regional Office of Education #50			
Title I School Improvement System of Support	84.010A	06-4331-SS	46,590
Title II Teacher Quality System of Support	84.367A	06-4935-SS	<u>2,563</u>
Total U.S. Dept. of Education Passed through			<u>49,153</u>
St. Clair County Regional Office of Education #50			
U.S. Dept. of Education Passed through Bond, Fayette,			
Effingham Counties Regional Office of Education # 3			
Standards Aligned Classroom	84.289A	05-4999-00	7,702
Standards Aligned Classroom	84.289A	06-4999-00	<u>3,618</u>
Total U.S. Dept of Education Passed through Bond, Fayette,			<u>11,320</u>
Effingham Counties Regional Office of Education #3			
U.S. Dept of Agriculture Passed through Illinois State Board of Education:			
National School Lunch	10.555	06-4210-00	9,227
National School Breakfast	10.553	06-4220-00	<u>5,140</u>
Total U.S. Dept of Agriculture Passed through Illinois State Board of Education			<u>14,367</u>
U.S. Department of Labor			
School-to-Work Urban Rural Opportunities	17.249	U-6390-7-00-88-60	<u>847</u>
Total U.S. Department of Labor			<u>847</u>
U.S. Dept of Education Passed through Illinois Department of Human Services:			
Special Education Grants for Infants and Families with Disabilities	84.181	611G6749000	<u>205,705 (M)</u>
Total U.S. Dept of Education Passed through Illinois Department of Human Services			<u>205,705</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 314,492</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

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

NOTE 2 – SUBRECIPIENTS

NONE

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAM

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

NOTE 4 - AMOUNT OF INSURANCE

NONE

NOTE 5 - LOANS OR LOAN GUARANTEES OUTSTANDING

NONE

NOTE 6 - NON-CASH ASSISTANCE

NONE