

**State of Illinois  
REGIONAL OFFICE OF EDUCATION #20  
FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the year ended June 30, 2006**

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



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

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

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

OFFICIALS

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

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

Offices are located at:

512 N. Main Street  
Harrisburg, IL 62946

930 Market Street  
Mount Carmel, IL 62863

Wayne County Courthouse  
Fairfield, IL 62837

307 E. Cherry Street  
Carmi, IL 62821

500 E. Main Street  
Albion, IL 62806

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

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
06-01	12-15	Noncompliance with statutory mandates.

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2006.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

**EXIT CONFERENCE**

An informal exit conference was held on August 11, 2006. Attending were Dr. Linda Blackman, Regional Superintendent, Debbie Grubb, Bookkeeper of the Regional Office of Education #20, and James Moon, CPA, and Nathan Earnest, Staff Accountant of West & Company, LLC.

The responses to the recommendations were provided by Debbie Grubb in emails dated January 8, 2007 and January 25, 2007.

## FINANCIAL STATEMENT REPORT

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### Financial Presentation Examined

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

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### Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

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### Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

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### Financial Statements

- A Financial Statement section generally consisting of:
  - Management's discussion and analysis (MD&A) as required supplementary information;
  - Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
  - Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with special reporting requirements.



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

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

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

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



# WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

## MEMBERS

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

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MATTOON  
SULLIVAN

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #20's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2006 on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund - Schedule of Funding Progress on pages 20A through 20F and 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #20's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*West + Company, LLC*

August 11, 2006

# WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

## MEMBERS

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-01.

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

*West + Company, LLC*

August 11, 2006

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

Honorable William G. Holland  
Auditor General  
State of Illinois

#### Compliance

We have audited the compliance of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's management. Our responsibility is to express an opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's compliance with those requirements.

In our opinion, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

## Internal Control Over Compliance

The management of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

*West + Company, LLC*

August 11, 2006





**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2006

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

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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.173A	Fed. Sp. Ed. - Preschool Discretionary
84.027A	Fed. Sp. Ed. - IDEA - Discretionary

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2006

**Section II: Financial Statement Findings**

**FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations (Repeat of 05-01)**

**Criteria/Specific Requirement:**

- 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 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all her acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)
- C. 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.)
- D. The Illinois School Code 105 ILCS 5/3-7 states that each school district shall, as of June 30 each year, cause an audit to be made of its accounts. Each school district shall on or before October 15 of each year, submit an original and one copy of such audit to the Regional Superintendent of Schools. If any school district fails to supply the Regional Superintendent of Schools with a copy of such audit report on or before October 15, or within such time extended by the Regional Superintendent of Schools from that date, not to exceed 60 days, then it shall be the responsibility of the Regional Superintendent of Schools to cause such audit to be made.

**Conditions:**

- A. The Regional Office of Education #20 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 #20 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all her acts including a list of all schools visited and dates of visitation.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2006**

**Section II: Financial Statement Findings**

**FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations (Repeat of 05-01)**  
(Continued)

**Conditions (Continued):**

- C. The Regional Office of Education #20 requires each public school in her region to complete the "Compliance Review School Evaluation Form" on an annual basis. While the Illinois Public School Accreditation Process Compliance Component document completed by the public schools 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. Furthermore, the Regional Superintendent does not visit the public schools in her region for the purpose of completing the "Compliance Review School Evaluation Form." Each public school is allowed to complete their own form without an inspection by the Regional Superintendent.
  
- D. The Regional Office of Education #20 did not supply evidence that 10 of the 20 school district financial statement audit reports were submitted to the Regional Office of Education #20 by October 15, 2005 or by the extension date. The Regional Office of Education did not believe it was necessary to grant a written extension of time as it appeared all school districts had on-going audits that were in various stages of completion at October 15, 2005.

**Effect:**

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

**Causes:**

- A. The Regional Office of Education signs off on the Annual Financial Reports for the school districts in the region. The Regional Office receives a spreadsheet from the Illinois State Board of Education that outlines all of the school districts and their audit exceptions, if any. The Regional Office does receive copies of letters indicating noted exceptions and does a follow-up with individual districts when responses are required. With these technological advances and audit requirements, the level of detail required by 105 ILCS 5/3-14.11 is not as applicable as it was in 1953.
  
- B. The Regional Superintendent has not been reporting quarterly to the county boards on its activities during the year. The Regional Superintendent does provide a brochure of the responsibilities of the Regional Superintendent to the county boards annually in August or September when the proposed budget is submitted to the counties for the coming year.
  
- C. The Regional Superintendent did not visit each public school.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2006

**Section II: Financial Statement Findings**

**FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations (Repeat of 05-01)**  
**(Continued)**

**Causes (Continued):**

- D. The school district audits were on-going at October 15. Some of the financial statement audit reports were received a few days after the October 15 due date, therefore the school district did not request an extension. Two of the school districts stated that they did not realize until the Regional Office of Education contacted them that their auditor had not submitted the financial statement audit report. They reported that the audit firm had changed management which resulted in the audit not being completed in a timely manner.

**Auditors' Recommendations:**

- A. The Regional Office of Education #20 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meetings in September and quarterly thereafter, and present a report of all her acts including a list of all schools visited and dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.
- D. The Regional Office of Education #20 should maintain a log evidencing the receipt of the financial statements from the school districts and should implement a system for monitoring whether or not copies of financial statements are on hand as required by 105 ILCS 5/3-7.

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 Regional Superintendent will make an effort to comply with the mandate by presenting a written report quarterly to each of the county boards in the region.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2006

**Section II: Financial Statement Findings**

**FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations (Repeat of 05-01)**  
**(Continued)**

**Management's Responses (Continued):**

- C. 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 23<sup>rd</sup> 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.
  
- D. The Regional Superintendent maintains a chart of all school districts noting the date the financial statement audit report is received and the date of the extension (when applicable). Reminders are sent to the school districts and presented at superintendent meetings in advance of the October 15 due date. Phone calls are made and faxes sent to the school districts to remind them to send an extension request if needed. Additionally, next year we will recommend to the superintendents that they periodically verify with their auditor the status of the audit. If we know the audit is ongoing, we do not intend to initiate an additional audit.



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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2006

Section III: Federal Award Findings

No findings were noted for the year ended June 30, 2006.

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

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the year ended June 30, 2006**

**Corrective Action Plan**

**Finding No.: 06-01**

**Conditions:**

- A. The Regional Office of Education #20 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 #20 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all her acts including a list of all schools visited and dates of visitation.
- C. The Regional Office of Education #20 requires each public school in her region to complete the "Compliance Review School Evaluation Form" on an annual basis. While the Illinois Public School Accreditation Process Compliance Component document completed by the public schools 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. Furthermore, the Regional Superintendent does not visit the public schools in her region for the purpose of completing the "Compliance Review School Evaluation Form." Each public school is allowed to complete their own form without an inspection by the Regional Superintendent.
- D. The Regional Office of Education #20 did not supply evidence that 10 of the 20 school district financial statement audit reports were submitted to the Regional Office of Education #20 by October 15, 2005 or by the extension date. The Regional Office of Education did not believe it was necessary to grant a written extension of time as it appeared all school districts had on-going audits that were in various stages of completion at October 15, 2005.

**Plans:**

- A. We will seek a legislative solution to obsolete statutes.
- B. The Regional Superintendent will make an effort to comply with the mandate by presenting a written report quarterly to each of the county boards in the region.
- C. Beginning July 1, 2007 the Regional Superintendent will visit each public school and attempt to satisfy this mandate.

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

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the year ended June 30, 2006

Corrective Action Plan

Finding No.: 06-01 (Continued)

Plans (Continued):

- D. To monitor more closely the receipt of the financial statement audit reports from the school districts, and to communicate reminders to the superintendents in advance of the October 15 due date in superintendent meetings, by telephone and by fax. We will also recommend that superintendents periodically contact their auditor to verify the status of their audit in order to ask for an extension if needed.

Anticipated Date of Completion:

On going

Name of Contact Person:

Dr. Linda L. Blackman, Regional Superintendent

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2006

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-01	Failure to examine financial records of every school treasurer in the Region.	Repeated as 06-01

1998

1999

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2006**

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2006 and 2005. We encourage readers to consider this information in conjunction with the ROE's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$515,366 in fiscal year 2004 to \$491,671 in fiscal year 2005 and to \$484,961 in fiscal year 2006, while General Fund expenditures decreased from \$428,278 in fiscal year 2004 to \$423,684 in fiscal year 2005 and increased to \$463,706 in fiscal year 2006.
- The decrease in General Fund revenues was attributable to a decrease in local and state grant funds in fiscal year 2005 and a decrease in state grant funds in fiscal year 2006. The decrease in expenditures in fiscal year 2005 was due primarily to a large decrease in on-behalf payments while the increase in fiscal year 2006 was due primarily to an increase in capital outlay, salaries, and benefits.
- Special revenue funds decreased from \$2,209,653 in fiscal year 2004 to \$2,054,768 in fiscal year 2005 to \$2,037,089 in fiscal year 2006, while special revenue fund expenditures decreased from \$2,179,261 in fiscal year 2004 to \$2,034,283 in fiscal year 2005 and increased to \$2,065,111 in fiscal year 2006.
- The decrease of special revenue funds from fiscal year 2004 to fiscal year 2005 occurred because the decrease in local and federal sources was greater than the increase in state sources. The decrease from fiscal year 2005 to fiscal year 2006 occurred because the decrease of federal sources was greater than the increase in local and state sources. The decrease in expenditures from fiscal year 2004 to fiscal year 2005 was due primarily to a large decrease in salaries, benefits, and purchased services. The increase in expenditures from fiscal year 2005 to fiscal year 2006 was due primarily to an increase in salaries, benefits, and purchased services.

**USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the ROE's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the ROE's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

- Required Supplementary Information further explains and supports the financial statements, and supplementary information provides detailed information about the non-major funds.

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

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

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

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

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

#### Fund Financial Statements

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

The ROE has one kind of fund:

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

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



**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties ROE #20's net assets at June 30, 2006 and 2005 totaled \$537,639 and \$541,434 respectively. The analysis that follows provides a summary of the ROE's net assets at June 30, 2006 and 2005 for its governmental activities.

	FY06 <u>Governmental Activities</u>	FY05 <u>Governmental Activities</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 649,362	\$ 534,485
Due from other governments	18,297	30,633
Prepaid expenditures	-	1,271
Total current assets	<u>667,659</u>	<u>566,389</u>
Noncurrent assets		
Capital assets, net	<u>83,812</u>	<u>76,816</u>
Total assets	<u>751,471</u>	<u>643,205</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	73,175	54,712
Salaries and benefits payable	8,050	3,459
Unearned revenue	95,486	10,503
Total current liabilities	<u>176,711</u>	<u>68,674</u>
Noncurrent liabilities		
Liability for compensated absences	<u>37,121</u>	<u>33,097</u>
Total liabilities	<u>213,832</u>	<u>101,771</u>
<b>NET ASSETS</b>		
Invested in capital assets	83,812	76,816
Unrestricted	321,310	325,812
Restricted for teacher professional development	132,517	138,806
Total net assets	<u>\$ 537,639</u>	<u>\$ 541,434</u>

The ROE's combined net assets decreased by \$3,795 in FY06 and increased by \$90,167 in FY05. The decrease in FY06 occurred primarily as a result of a decrease in federal and state funding and an increase in total expenditures. The increase in FY05 occurred primarily as a result of an increase in federal funding and a decrease in total expenditures. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the years ended June 30, 2006 and 2005.

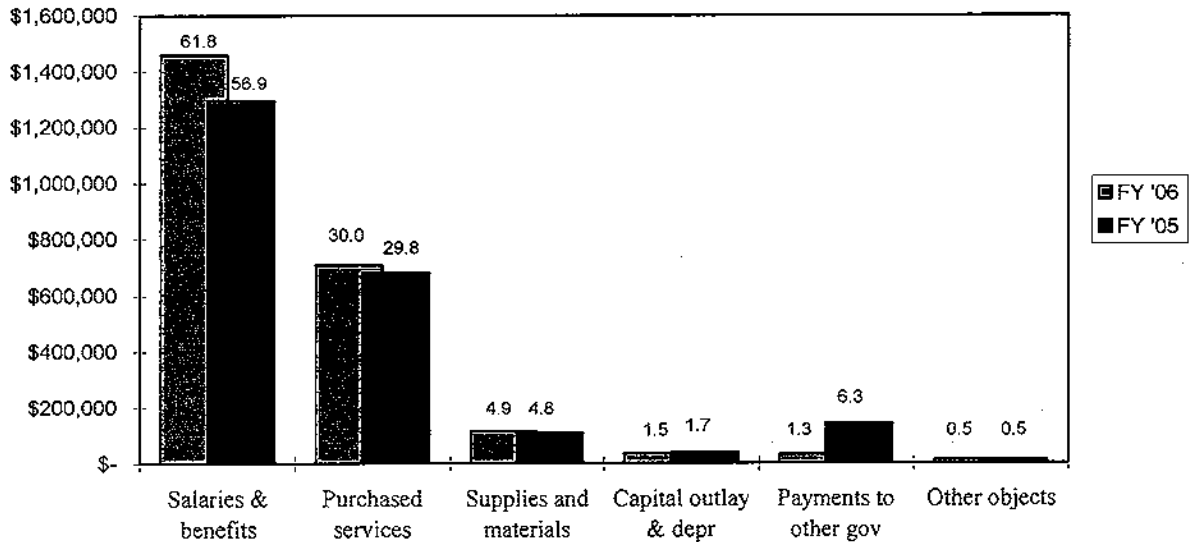
	Fiscal Year ended June 30, 2006			Fiscal Year ended June 30, 2005		
	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>						
<b>Governmental activities:</b>						
Instructional services:						
Salaries and benefits	\$ 1,459,283	\$ 1,214,295	\$ (244,988)	\$ 1,295,823	\$ 1,118,154	\$ (177,669)
Purchased services	707,694	499,776	(207,918)	678,525	562,760	(115,765)
Supplies and materials	116,136	92,732	(23,404)	109,739	91,407	(18,332)
Capital outlay - grant funded assets	2,452	17,343	14,891	6,697	47,371	40,674
Payments to other governments	31,641	30,273	(1,368)	144,492	143,364	(1,128)
Other objects	12,637	13,016	379	11,133	11,402	269
Depreciation	33,218	-	(33,218)	32,907	-	(32,907)
Administrative:						
On-behalf payments	162,784	-	(162,784)	176,956	-	(176,956)
<b>Total governmental activities</b>	<b>\$ 2,525,845</b>	<b>\$ 1,867,435</b>	<b>(658,410)</b>	<b>\$ 2,456,272</b>	<b>\$ 1,974,458</b>	<b>(481,814)</b>
General revenues:						
Local sources			483,980			392,826
On-behalf payments			162,784			176,956
Interest			7,851			2,199
<b>Total general revenues</b>			<b>654,615</b>			<b>571,981</b>
<b>Change in net assets</b>			<b>(3,795)</b>			<b>90,167</b>
<b>Net assets - beginning</b>			<b>541,434</b>			<b>451,267</b>
<b>Net assets - ending</b>			<b>\$ 537,639</b>			<b>\$ 541,434</b>

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

	<u>2006</u>	<u>2005</u>
Total program revenues	\$1,867,435	\$1,974,458
Total general revenues	<u>654,615</u>	<u>571,981</u>
Total revenues	<u>\$2,522,050</u>	<u>\$2,546,439</u>

Operating grants and contributions from local, state, and federal sources account for a majority of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 94% of the total expenses.

### Instructional Services Percent of Total Expenses



### Governmental Activities

The analysis of changes in net assets reflects a decrease of \$3,795 in FY06 and an increase of \$90,167 in FY05.

### FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

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

The Office's governmental funds reported combined fund balances of \$490,948 in FY06, \$497,715 in FY05, and \$409,243 in FY04. The primary reason for the decrease in combined fund balance in FY06 was due to an increase in salaries, benefits, and purchased services, while the increase in combined fund balance in FY05 and FY04 was due to the decrease in expenditures.

## **Governmental Fund Highlights**

- The General Fund balance increased from \$164,762 in FY04 to \$231,855 in FY05 and to \$253,110 in FY06. The increase was attributable to an increase in unspent funds.
- The Education Fund balance increased from \$76,437 in FY04 to \$99,043 in FY05 and decreased to \$84,153 in FY06. The increase in FY05 was attributable, in part, to the increase in revenues from state sources, while the decrease in FY06 was due to a decrease in federal funding.
- The Institute Fund balance decreased from \$140,495 in FY04 to \$138,806 in FY05 and to \$132,517 in FY06. This decrease in FY05 was attributable to a decrease in revenues while the decrease in FY06 was attributable to increased expenditures.

## **BUDGETARY HIGHLIGHTS**

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

## **CAPITAL ASSETS**

Capital assets of the Regional Office of Education #20 include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education #20 maintains an inventory of capital assets, which have been accumulated over time. The increase for FY06 was \$40,214 and came as a result of grant money being used to purchase equipment, and other equipment being provided to the Regional Office of Education #20. More detailed information about capital assets is available in the notes to the financial statements.

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

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

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

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

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

**BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET ASSETS  
June 30, 2006**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 649,362
Due from other governments	<u>18,297</u>
Total current assets	667,659
Noncurrent assets:	
Capital assets, net	<u>83,812</u>
Total assets	<u>751,471</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	73,175
Salaries and benefits payable	8,050
Unearned revenue	<u>95,486</u>
Total current liabilities	176,711
Noncurrent liabilities:	
Liability for compensated absences	<u>37,121</u>
Total liabilities	<u>213,832</u>
<b>NET ASSETS</b>	
Invested in capital assets	83,812
Unrestricted	321,310
Restricted for teacher professional development	<u>132,517</u>
Total net assets	<u><u>\$ 537,639</u></u>

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

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

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2006**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets  Governmental Activities
Governmental activities:			
Instructional services:			
Salaries and benefits	\$ 1,459,283	\$ 1,214,295	\$ (244,988)
Purchased services	707,694	499,776	(207,918)
Supplies and materials	116,136	92,732	(23,404)
Capital outlay - grant funded assets	2,452	17,343	14,891
Payments to other governments	31,641	30,273	(1,368)
Other objects	12,637	13,016	379
Depreciation	33,218	-	(33,218)
Administrative:			
On-behalf payments	162,784	-	(162,784)
 Total governmental activities	<u>\$ 2,525,845</u>	<u>\$ 1,867,435</u>	<u>(658,410)</u>
 General revenues:			
Local sources			483,980
On-behalf payments			162,784
Interest			7,851
 Total general revenues			<u>654,615</u>
 Change in net assets			(3,795)
 Net assets - beginning			<u>541,434</u>
 Net assets - ending			<u>\$ 537,639</u>

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

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006

	General Fund	Education Fund	Institute Fund
<b>ASSETS</b>			
Cash	\$ 239,714	\$ 203,183	\$ 183,873
Due from other funds	5,583	-	-
Due from other governments	7,849	9,545	100
Total assets	\$ 253,146	\$ 212,728	\$ 183,973
<b>LIABILITIES</b>			
Accounts payable	\$ 36	\$ 19,456	\$ 51,456
Salaries and benefits payable	-	8,050	-
Due to other funds	-	5,583	-
Unearned revenue	-	95,486	-
Total liabilities	36	128,575	51,456
<b>FUND BALANCES</b>			
Unreserved, reported in:			
General fund	253,110	-	-
Special revenue funds	-	84,153	132,517
Total fund balances	253,110	84,153	132,517
Total liabilities and fund balances	\$ 253,146	\$ 212,728	\$ 183,973

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



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

BALANCE SHEET  
GOVERNMENTAL FUNDS (Continued)  
June 30, 2006

	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash	\$ 22,592	\$ 649,362
Due from other funds	-	5,583
Due from other governments	803	18,297
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 23,395</u>	<u>\$ 673,242</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,227	\$ 73,175
Salaries and benefits payable	-	8,050
Due to other funds	-	5,583
Unearned revenue	-	95,486
	<u>          </u>	<u>          </u>
Total liabilities	<u>2,227</u>	<u>182,294</u>
<b>FUND BALANCES</b>		
Unreserved, reported in:		
General fund	-	253,110
Special revenue funds	21,168	237,838
	<u>          </u>	<u>          </u>
Total fund balances	<u>21,168</u>	<u>490,948</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 23,395</u>	<u>\$ 673,242</u>

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

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS

June 30, 2006

Total fund balances-governmental funds	\$ 490,948
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(37,121)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>83,812</u>
Net assets of governmental activities	<u><u>\$ 537,639</u></u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the year ended June 30, 2006**

	General Fund	Education Fund	Institute Fund
Revenues:			
Local sources	\$ 253,021	\$ 27,923	\$ 186,845
State sources	65,086	588,804	-
Federal sources	-	1,202,590	-
On-behalf payments	162,784	-	-
Interest	4,070	1,904	3,781
	484,961	1,821,221	190,626
Total revenues			
Expenditures:			
Education:			
Salaries and benefits	218,892	1,200,135	26,542
Purchased services	41,773	487,276	160,292
Supplies and materials	13,796	91,477	8,731
Capital outlay	26,461	16,205	-
Payments to other governments	-	30,291	1,350
Other objects	-	10,727	-
On-behalf payments	162,784	-	-
	463,706	1,836,111	196,915
Total expenditures			
Net change in fund balances	21,255	(14,890)	(6,289)
Fund balances, beginning of year	231,855	99,043	138,806
Fund balances, end of year	\$ 253,110	\$ 84,153	\$ 132,517

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (Continued)  
For the year ended June 30, 2006**

	Other Nonmajor Funds	Total Governmental Funds
Revenues:		
Local sources	\$ 16,191	\$ 483,980
State sources	8,840	662,730
Federal sources	-	1,202,590
On-behalf payments	-	162,784
Interest	211	9,966
	25,242	2,522,050
Total revenues		
Expenditures:		
Education:		
Salaries and benefits	9,690	1,455,259
Purchased services	18,353	707,694
Supplies and materials	2,132	116,136
Capital outlay	-	42,666
Payments to other governments	-	31,641
Other objects	1,910	12,637
On-behalf payments	-	162,784
	32,085	2,528,817
Total expenditures		
Net change in fund balances	(6,843)	(6,767)
Fund balances, beginning of year	28,011	497,715
Fund balances, end of year	\$ 21,168	\$ 490,948

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

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2006

Net change in fund balances		\$ (6,767)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 40,214	
Depreciation expense	<u>(33,218)</u>	6,996
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		<u>(4,024)</u>
Change in net assets of governmental activities		<u><u>\$ (3,795)</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

The Regional Office of Education #20 reports the following major governmental funds:

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

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



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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund (Continued)

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

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

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

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

Institute - This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

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

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

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

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

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

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

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

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

Additionally, the Regional Office of Education #20 reports the following nonmajor funds:

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

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

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

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

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

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**NOTES TO FINANCIAL STATEMENTS**

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

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

**1. Cash and Investments**

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

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

**2. Interfund Transactions**

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

**3. Capital assets**

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

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

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

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

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

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**NOTES TO FINANCIAL STATEMENTS**

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

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

**4. Compensated Absences**

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

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

**5. Equity Classifications**

**Government-wide Statements**

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

**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, net of related debt.”

**Fund Statements**

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

**E. New Accounting Pronouncement**

The Regional Office of Education #20 has implemented the following new accounting pronouncements issued by the GASB effective for the fiscal year beginning July 1, 2005: Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement No. 46, *Net Assets Restricted by Enabling Legislation an Amendment of GASB Statement No. #34*, and Statement No. 47, *Accounting for Termination Benefits*. The Statements had no effect on the Regional Office of Education #20's net assets or changes in net assets.

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REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund Balance Sheet includes a reconciliation between *fund balance-total governmental funds and net assets-governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that "long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$37,121 difference are as follows:

Compensated Absences	<u>\$37,121</u>
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B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$6,996 difference are as follows:

Capital outlay	\$ 40,214
Depreciation expense	<u>(33,218)</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 6,996</u>

3. BUDGETS AND BUDGETARY ACCOUNTING

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

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

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**NOTES TO FINANCIAL STATEMENTS**

**4. USE OF ESTIMATES**

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

**5. DEPOSITS**

At June 30, 2006, the carrying amount of the Regional Office of Education #20's cash deposits was \$649,362 and the bank balance was \$674,990. Of the total bank balance, \$581,670 was secured by federal depository insurance and \$93,320 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #20's name.

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Improvements other than buildings	\$ 7,370	\$ -	\$ -	\$ 7,370
Machinery and equipment	262,453	40,214	1,848	300,819
Total capital assets being depreciated	<u>269,823</u>	<u>40,214</u>	<u>1,848</u>	<u>308,189</u>
Less accumulated depreciation for:				
Improvements other than buildings	(5,546)	(557)	-	(6,103)
Machinery and equipment	(187,461)	(32,661)	(1,848)	(218,274)
Total accumulated depreciation	<u>(193,007)</u>	<u>(33,218)</u>	<u>(1,848)</u>	<u>(224,377)</u>
Governmental activities capital assets, net	<u>\$ 76,816</u>	<u>\$ 6,996</u>	<u>\$ -</u>	<u>\$ 83,812</u>

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

Governmental activities:	
Instructional services:	
Depreciation	<u>\$33,218</u>

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REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO FINANCIAL STATEMENTS**

**7. RETIREMENT FUND COMMITMENTS**

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

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security Fund (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.8 percent.

The State of Illinois makes contributions directly to TRS on behalf of the district's TRS-covered employees.

*On-Behalf Contributions* - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #20. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office of Education #20 recognized revenue and expenditures of \$28,149 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 (\$42,955) and 13.98 percent (\$54,699), respectively.

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

*2.2 Formula Contributions* - Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$2,313. Contributions for the years ended June 30, 2005, and June 30, 2004, were \$2,119 and \$2,270, respectively.



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**NOTES TO FINANCIAL STATEMENTS**

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

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

*Federal and Trust Fund Contributions* - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #20, there is a statutory requirement for the Regional Office of Education #20 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the 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 federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$95,436 were paid from federal and trust funds that required employer contributions of \$6,738. For the years ended June 30, 2005 and June 30, 2004, required district contributions were \$11,466 and \$14,175, respectively.

*Early Retirement Option* -- The Regional Office of Education #20 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (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, "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 on June 30, 2005 and the Pipeline ERO, the maximum employer contributions is 100 percent of the members' 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 years June 30, 2006, 2005, 2004, the Regional Office of Education #20 paid no employer contributions under the Pipeline ERO and Modified ERO programs.

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NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

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

B. Illinois Municipal Retirement Fund

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

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #20 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 12.04 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

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**NOTES TO FINANCIAL STATEMENTS**

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

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

For December 31, 2005, the employer's annual pension cost of \$80,469 was equal to the employer'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 assumptions based on the 2002-2004 experience study.

**Trend Information**

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2005	\$ 80,469	100%	\$ -
12/31/2004	\$ 79,278	100%	\$ -
12/31/2003	\$ 50,237	100%	\$ -
12/31/2002	\$ 6,591	100%	\$ -
12/31/2001	\$ 48,395	100%	\$ -
12/31/2000	\$ 36,009	100%	\$ -
12/31/1999	\$ 51,726	100%	\$ -
12/31/1998	\$ 31,286	100%	\$ -
12/31/1997	\$ 26,884	100%	\$ -
12/31/1996	\$ 18,139	100%	\$ -

**Schedule of Funding Progress**

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

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**NOTES TO FINANCIAL STATEMENTS**

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

**C. Social Security**

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

**8. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2006, interfund receivables and payables were as follows:

Due To	Due From	Balance at June 30, 2006
General Fund:	Education Fund:	
General Budget	ROE/ISC Technology	5
General Budget	Math and Science Partnerships	600
General Budget	McKinney Ed. For Homeless Children	100
General Budget	Workforce Investment Act	200
General Budget	System of Support	2,678
General Budget	Truants Alternative Program	1,000
General Budget	Regional Safe Schools	1,000
		\$ 5,583

At June 30, 2006 receivables to the General Budget are temporary advances to the Education Fund which is awaiting funds to be provided by the Illinois State Board of Education that will be disbursed from the Clearing Fund.

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**NOTES TO FINANCIAL STATEMENTS**

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

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Balance at July 1, 2005	Additions	Balance at June 30, 2006
Compensated Absences	\$ 33,097	\$ 4,024	\$ 37,121

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

**10. BOND**

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

**11. ON-BEHALF PAYMENTS**

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

Regional Superintendent salary	\$ 84,737
Regional Superintendent benefits (includes State paid insurance)	12,270
Assistant Regional Superintendent salary	34,954
Assistant Regional Superintendent benefits (includes State paid insurance)	2,674
TRS Pension contributions	28,149
	\$ 162,784

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

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

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**NOTES TO FINANCIAL STATEMENTS**

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

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

**13. OPERATING LEASE**

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

In addition, the Regional Office of Education #20 subleases a portion of their facilities to Preschool Discretionary and Workforce Investment Act. Sublease income was \$10,097 for the year ended June 30, 2006.

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

The Regional Office leases office space for an Alternative School in Mill Shoals, Illinois from the Village of Mill Shoals. The lease term is from July 1, 2006 to June 30, 2007. The monthly rental payments under the lease are \$382 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

During the year ended June 30, 2006, rentals under lease obligations were \$57,504.

Future minimum rentals for the years ending June 30 are:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2007	57,504
2008	26,460

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

**NOTES TO FINANCIAL STATEMENTS**

**14. DUE FROM OTHER GOVERNMENTS**

The Regional Office of Education #20's General Fund and various grant programs have funds due from various other governmental units which consist of the following at June 30, 2006:

Due From Other Governments

Gallatin County Clerk	\$ 3,364
Golconda Civilian Conservation Center	530
Illinois Department of Corrections	160
Lutheran Social Services	35
Miscellaneous School Districts	543
Regional Office of Education #2	6,110
Regional Office of Education #25	3,000
Saline County Clerk	4,485
Wabash Area Development, Inc.	<u>70</u>
Total	<u><u>\$ 18,297</u></u>

**15. CONTINGENCIES**

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

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



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

**ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2005	\$ 1,343,790	\$ 1,417,459	\$ 73,669	94.80 %	\$ 668,346	11.02 %
12/31/2004	\$ 1,160,983	\$ 1,275,012	\$ 114,029	91.06 %	\$ 696,640	16.37 %
12/31/2003	\$ 1,024,201	\$ 1,150,896	\$ 126,695	88.99 %	\$ 681,647	18.59 %
12/31/2002	\$ 1,019,182	\$ 1,103,780	\$ 84,598	92.34 %	\$ 679,465	12.45 %
12/31/2001	\$ 1,127,584	\$ 1,048,359	\$ (79,225)	107.56 %	\$ 618,861	-- %
12/31/2000	\$ 1,028,619	\$ 891,786	\$ (136,833)	115.34 %	\$ 583,612	-- %
12/31/1999	\$ 875,867	\$ 825,909	\$ (49,958)	106.05 %	\$ 547,368	-- %
12/31/1998	\$ 695,971	\$ 701,335	\$ 5,364	99.24 %	\$ 506,245	1.06 %
12/31/1997	\$ 607,265	\$ 684,291	\$ 77,026	88.74 %	\$ 559,917	13.76 %
12/31/1996	\$ 520,548	\$ 567,054	\$ 46,506	91.80 %	\$ 401,296	11.59 %

On a market value basis the actuarial value of assets as of December 31, 2005 was \$1,360,634.  
On a market basis, the funded ratio would be 95.99 percent.

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 early retirements are expected to occur.

**SUPPLEMENTAL INFORMATION**

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

COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2006

	<u>Clearing</u>	<u>Payroll</u>	<u>General Budget</u>
<b>ASSETS</b>			
Cash	\$ 287	\$ 2,743	\$ 225,396
Due from other funds	-	-	6,583
Due from other governments	-	-	7,849
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 287</u>	<u>\$ 2,743</u>	<u>\$ 239,828</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 7
Due to other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	-	7
<b>FUND BALANCE</b>			
Unreserved	<u>287</u>	<u>2,743</u>	<u>239,821</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 287</u>	<u>\$ 2,743</u>	<u>\$ 239,828</u>

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

COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND (continued)  
June 30, 2006

	<u>ROE/ISC Operations</u>	<u>Media</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 1,029	\$ 10,259	\$ -	\$ 239,714
Due from other funds	-	-	(1,000)	5,583
Due from other governments	-	-	-	7,849
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,029</u>	<u>\$ 10,259</u>	<u>\$ (1,000)</u>	<u>\$ 253,146</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 29	\$ -	\$ -	\$ 36
Due to other funds	1,000	-	(1,000)	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	1,029	-	(1,000)	36
<b>FUND BALANCE</b>				
Unreserved	-	10,259	-	253,110
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 1,029</u>	<u>\$ 10,259</u>	<u>\$ (1,000)</u>	<u>\$ 253,146</u>

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2006

	Clearing	Payroll	General Budget
Revenues:			
Local sources	\$ -	\$ -	\$ 253,021
State sources	-	-	-
On-behalf payments	-	-	162,784
Interest	127	304	3,512
	127	304	419,317
 Total revenues	 127	 304	 419,317
 Expenditures:			
Salaries and benefits	-	-	173,116
Purchased services	-	109	27,887
Supplies and materials	46	116	9,674
Capital outlay	-	-	24,761
On-behalf payments	-	-	162,784
	46	225	398,222
 Total expenditures	 46	 225	 398,222
 Excess of revenues over expenditures	 81	 79	 21,095
 Fund balance, beginning of year	 206	 2,664	 218,726
 Fund balance, end of year	 \$ 287	 \$ 2,743	 \$ 239,821

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GENERAL FUND ACCOUNTS (continued)  
For the year ended June 30, 2006**

	ROE/ISC Operations	Media	Total
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 253,021
State sources	65,086	-	65,086
On-behalf payments	-	-	162,784
Interest	63	64	4,070
	<u>65,149</u>	<u>64</u>	<u>484,961</u>
<b>Expenditures:</b>			
Salaries and benefits	45,776	-	218,892
Purchased services	13,736	41	41,773
Supplies and materials	3,937	23	13,796
Capital outlay	1,700	-	26,461
On-behalf payments	-	-	162,784
	<u>65,149</u>	<u>64</u>	<u>463,706</u>
Excess of revenues over expenditures	-	-	21,255
Fund balance, beginning of year	<u>-</u>	<u>10,259</u>	<u>231,855</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 10,259</u>	<u>\$ 253,110</u>

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

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #06-3730-00  
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 65,086	\$ 65,086	\$ 65,086	\$ -
Interest	-	-	63	63
Total revenues	<u>65,086</u>	<u>65,086</u>	<u>65,149</u>	<u>63</u>
Expenditures:				
Salaries and benefits	42,580	45,865	45,776	(89)
Purchased services	18,580	14,340	13,736	(604)
Supplies and materials	1,936	2,891	3,937	1,046
Capital outlay	1,990	1,990	1,700	(290)
Total expenditures	<u>65,086</u>	<u>65,086</u>	<u>65,149</u>	<u>63</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

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

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2006

	ROE/ISC Technology	Workforce Investment Act	Standards- Aligned Classroom
<b>ASSETS</b>			
Cash	\$ 5	\$ 340	\$ 1,726
Due from other governments	-	-	-
	-	-	-
Total assets	\$ 5	\$ 340	\$ 1,726
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 1	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	5	200	-
Unearned revenue	-	139	-
	-	139	-
Total liabilities	5	340	-
<b>FUND BALANCE</b>			
Unreserved	-	-	1,726
	-	-	1,726
Total liabilities and fund balance	\$ 5	\$ 340	\$ 1,726



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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (continued)  
June 30, 2006**

	Title I - Reading First Part B SEA Fund	Fed. Sp. Ed. - IDEA - Discretionary	Fed. Sp. Ed. - Pre-School Discretionary
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ -	\$ 32,027	\$ 96,419
Due from other governments	-	420	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ -</u>	<u>\$ 32,447</u>	<u>\$ 96,419</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 9,305	\$ 1,072
Salaries and benefits payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	95,347
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	9,305	96,419
<b>FUND BALANCE</b>			
Unreserved	-	23,142	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 32,447</u>	<u>\$ 96,419</u>

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

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (continued)  
June 30, 2006

	Regional Safe Schools	Safe Schools State Aid	Math and Science Partnerships
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 1,451	\$ 54,440	\$ 102
Due from other governments	-	-	3,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,451</u>	<u>\$ 54,440</u>	<u>\$ 3,102</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 451	\$ 495	\$ 2
Salaries and benefits payable	-	-	2,500
Due to other funds	1,000	-	600
Unearned revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	1,451	495	3,102
<b>FUND BALANCE</b>			
Unreserved	<u>          </u>	<u>53,945</u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 1,451</u>	<u>\$ 54,440</u>	<u>\$ 3,102</u>

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

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (continued)  
June 30, 2006

	System of Support	Truants Alternative/ Optional Education	Truants Alternative Gen. State Aid
<b>ASSETS</b>			
Cash	\$ 9,601	\$ 1,106	\$ 5,859
Due from other governments	6,125	-	-
Total assets	<u>\$ 15,726</u>	<u>\$ 1,106</u>	<u>\$ 5,859</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,498	\$ 106	\$ 519
Salaries and benefits payable	5,550	-	-
Due to other funds	2,678	1,000	-
Unearned revenue	-	-	-
Total liabilities	15,726	1,106	519
<b>FUND BALANCE</b>			
Unreserved	-	-	5,340
Total liabilities and fund balance	<u>\$ 15,726</u>	<u>\$ 1,106</u>	<u>\$ 5,859</u>

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

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (continued)  
June 30, 2006

	McKinney Ed. For Homeless Children	Positive Behavioral Intervention Services	Federal Lunch
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 107	\$ -	\$ -
Due from other governments	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	100	-	-
Unearned revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	107	-	-
<b>FUND BALANCE</b>			
Unreserved	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (continued)  
June 30, 2006**

	<u>State Lunch</u>	<u>Federal Forest Reserve</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ 203,183
Due from other governments	-	-	9,545
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,728</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 19,456
Salaries and benefits payable	-	-	8,050
Due to other funds	-	-	5,583
Unearned revenue	-	-	95,486
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	128,575
<b>FUND BALANCE</b>			
Unreserved	-	-	84,153
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,728</u>

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2006

	ROE/ISC Technology	Workforce Investment Act	Standards- Aligned Classroom
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	12,500	-	11,800
Federal sources	-	55,462	-
Interest	5	1	-
Total revenues	<u>12,505</u>	<u>55,463</u>	<u>11,800</u>
Expenditures:			
Salaries and benefits	5,972	43,258	7,382
Purchased services	6,533	11,713	2,052
Supplies and materials	-	492	860
Capital outlay	-	-	-
Payments to other governments	-	-	1,579
Other objects	-	-	-
Total expenditures	<u>12,505</u>	<u>55,463</u>	<u>11,873</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(73)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>1,799</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,726</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS (continued)  
For the year ended June 30, 2006**

	Title I - Reading First Part B SEA Fund	Fed. Sp. Ed. - IDEA - Discretionary	Fed. Sp. Ed. - Pre-School Discretionary
<b>Revenues:</b>			
Local sources	\$ -	\$ 14,160	\$ -
State sources	-	-	-
Federal sources	24,919	590,022	413,885
Interest	79	634	566
Total revenues	<u>24,998</u>	<u>604,816</u>	<u>414,451</u>
<b>Expenditures:</b>			
Salaries and benefits	10,278	488,215	130,228
Purchased services	2,038	84,227	276,697
Supplies and materials	3,505	23,986	7,060
Capital outlay	-	6,205	-
Payments to other governments	9,177	377	466
Other objects	-	-	-
Total expenditures	<u>24,998</u>	<u>603,010</u>	<u>414,451</u>
Excess (deficiency) of revenues over (under) expenditures	-	1,806	-
Fund balance, beginning of year	-	21,336	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 23,142</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS (continued)  
For the year ended June 30, 2006**

	Regional Safe Schools	Safe Schools State Aid	Math and Science Partnerships
<b>Revenues:</b>			
Local sources	\$ -	\$ 2,750	\$ 6,538
State sources	146,930	104,932	-
Federal sources	-	-	-
Interest	121	341	2
Total revenues	<u>147,051</u>	<u>108,023</u>	<u>6,540</u>
<b>Expenditures:</b>			
Salaries and benefits	128,833	32,301	4,732
Purchased services	9,895	44,768	1,808
Supplies and materials	4,323	30,903	-
Capital outlay	4,000	4,000	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	<u>147,051</u>	<u>111,972</u>	<u>6,540</u>
Excess (deficiency) of revenues over (under) expenditures	-	(3,949)	-
Fund balance, beginning of year	-	<u>57,894</u>	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 53,945</u>	<u>\$ -</u>



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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS (continued)  
For the year ended June 30, 2006**

	System of Support	Truants Alternative/ Optional Education	Truants Alternative Gen. State Aid
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 4,475
State sources	11,273	141,000	159,826
Federal sources	29,227	-	-
Interest	2	106	30
<b>Total revenues</b>	<b>40,502</b>	<b>141,106</b>	<b>164,331</b>
<b>Expenditures:</b>			
Salaries and benefits	26,555	116,796	159,513
Purchased services	10,373	18,408	10,001
Supplies and materials	3,574	5,902	5,491
Capital outlay	-	-	2,000
Payments to other governments	-	-	-
Other objects	-	-	-
<b>Total expenditures</b>	<b>40,502</b>	<b>141,106</b>	<b>177,005</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	(12,674)
Fund balance, beginning of year	-	-	18,014
Fund balance, end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,340</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS (continued)  
For the year ended June 30, 2006**

	McKinney Ed. For Homeless Children	Positive Behavioral Intervention Services	Federal Lunch
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	21,545	38,654	10,184
Interest	17	-	-
Total revenues	<u>21,562</u>	<u>38,654</u>	<u>10,184</u>
Expenditures:			
Salaries and benefits	14,245	31,827	-
Purchased services	2,013	6,750	-
Supplies and materials	5,304	77	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	10,184
Total expenditures	<u>21,562</u>	<u>38,654</u>	<u>10,184</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS (continued)  
For the year ended June 30, 2006**

	State Lunch	Federal Forest Reserve	Total
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 27,923
State sources	543	-	588,804
Federal sources	-	18,692	1,202,590
Interest	-	-	1,904
<b>Total revenues</b>	<b>543</b>	<b>18,692</b>	<b>1,821,221</b>
<b>Expenditures:</b>			
Salaries and benefits	-	-	1,200,135
Purchased services	-	-	487,276
Supplies and materials	-	-	91,477
Capital outlay	-	-	16,205
Payments to other governments	-	18,692	30,291
Other objects	543	-	10,727
<b>Total expenditures</b>	<b>543</b>	<b>18,692</b>	<b>1,836,111</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,890)
Fund balance, beginning of year	-	-	99,043
Fund balance, end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 84,153</b>

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I - READING FIRST PART B SEA FUNDS - PROJECT #06-4337-02  
For the year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 24,918	\$ 24,918	\$ 24,919	\$ 1
Interest	-	-	79	79
Total revenues	24,918	24,918	24,998	80
Expenditures:				
Salaries and benefits	10,332	10,386	10,278	(108)
Purchased services	3,325	2,075	2,038	(37)
Supplies and materials	3,261	3,957	3,505	(452)
Payments to other governments	8,000	8,500	9,177	677
Total expenditures	24,918	24,918	24,998	80
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FED. SP. ED. - IDEA - DISCRETIONARY - PROJECT #06-4630-00  
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 14,160	\$ 14,160
Federal sources	550,000	590,022	590,022	-
Interest	-	-	634	634
	<u>550,000</u>	<u>590,022</u>	<u>604,816</u>	<u>14,794</u>
<b>Expenditures:</b>				
Salaries and benefits	472,697	487,981	488,215	234
Purchased services	54,627	61,920	84,227	22,307
Supplies and materials	9,827	17,697	23,986	6,289
Capital outlay	1,300	7,950	6,205	(1,745)
Payments to other governments	-	-	377	377
Indirect costs	11,549	14,474	-	(14,474)
	<u>550,000</u>	<u>590,022</u>	<u>603,010</u>	<u>12,988</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	1,806	<u>\$ 1,806</u>
Fund balance, beginning of year			<u>21,336</u>	
Fund balance, end of year			<u>\$ 23,142</u>	

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

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FED. - SP. ED. - PRE-SCHOOL DISCRETIONARY - PROJECT #06-4605-00  
For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 509,232	\$ 509,232	\$ 413,885	\$ (95,347)
Interest	-	-	566	566
Total revenues	<u>509,232</u>	<u>509,232</u>	<u>414,451</u>	<u>(94,781)</u>
Expenditures:				
Salaries and benefits	157,955	157,955	130,228	(27,727)
Purchased services	218,246	344,392	276,697	(67,695)
Supplies and materials	133,031	6,885	7,060	175
Payments to other governments	-	-	466	466
Total expenditures	<u>509,232</u>	<u>509,232</u>	<u>414,451</u>	<u>(94,781)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

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

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #06-3696-00  
For the year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 146,930	\$ 146,930	\$ 146,930	\$ -
Interest	-	-	121	121
Total revenues	<u>146,930</u>	<u>146,930</u>	<u>147,051</u>	<u>121</u>
Expenditures:				
Salaries and benefits	134,175	128,914	128,833	(81)
Purchased services	7,234	10,745	9,895	(850)
Supplies and materials	2,521	3,271	4,323	1,052
Capital outlay	<u>3,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total expenditures	<u>146,930</u>	<u>146,930</u>	<u>147,051</u>	<u>121</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL ED. - PROJECT #06-3695-00  
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources	\$ 141,000	\$ 141,000	\$ 141,000	\$ -
Interest	-	-	106	106
<b>Total revenues</b>	<u>141,000</u>	<u>141,000</u>	<u>141,106</u>	<u>106</u>
<b>Expenditures:</b>				
Salaries and benefits	117,838	116,763	116,796	33
Purchased services	18,077	17,552	18,408	856
Supplies and materials	5,085	6,685	5,902	(783)
<b>Total expenditures</b>	<u>141,000</u>	<u>141,000</u>	<u>141,106</u>	<u>106</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	



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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2006

	General Education Development	Bus Driver/ Transportation	Supervisory	Total
<b>ASSETS</b>				
Cash	\$ 5,045	\$ 10,126	\$ 7,421	\$ 22,592
Due from other governments	795	8	-	803
Total assets	<u>\$ 5,840</u>	<u>\$ 10,134</u>	<u>\$ 7,421</u>	<u>\$ 23,395</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 2,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,227</u>
Total liabilities	2,227	-	-	2,227
<b>FUND BALANCE</b>				
Unreserved	<u>3,613</u>	<u>10,134</u>	<u>7,421</u>	<u>21,168</u>
Total liabilities and fund balance	<u>\$ 5,840</u>	<u>\$ 10,134</u>	<u>\$ 7,421</u>	<u>\$ 23,395</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2006**

	General Education Development	Bus Driver/ Transportation	Supervisory	Total
<b>Revenues:</b>				
Local sources	\$ 14,319	\$ 1,872	\$ -	\$ 16,191
State sources	-	840	8,000	8,840
Interest	46	41	124	211
<b>Total revenues</b>	<b>14,365</b>	<b>2,753</b>	<b>8,124</b>	<b>25,242</b>
<b>Expenditures:</b>				
Salaries and benefits	7,354	2,336	-	9,690
Purchased services	12,442	1,199	4,712	18,353
Supplies and materials	1,944	32	156	2,132
Other objects	-	-	1,910	1,910
<b>Total expenditures</b>	<b>21,740</b>	<b>3,567</b>	<b>6,778</b>	<b>32,085</b>
Excess (deficiency) of revenues over (under) expenditures	(7,375)	(814)	1,346	(6,843)
Fund balance, beginning of year	10,988	10,948	6,075	28,011
<b>Fund balance, end of year</b>	<b>\$ 3,613</b>	<b>\$ 10,134</b>	<b>\$ 7,421</b>	<b>\$ 21,168</b>

**FEDERAL FINANCIAL COMPLIANCE SECTION**

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2006**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project Number	Federal Expenditures 7/1/05 - 6/30/06
<b>U.S. Department of Education:</b>			
<i>Passed through Illinois State Board of Education</i>			
(M) Fed. Sp. Ed. - IDEA - Discretionary	84.027A	06-4630-00	\$ 590,022
(M) Fed. Sp. Ed. - Pre-School Discretionary	84.173A	06-4605-00	413,885
Title I - Reading First Part B SEA Funds	84.357A	06-4337-02	24,919
Total Illinois State Board of Education			<u>1,028,826</u>
<i>Passed through Regional Office of Education #2</i>			
Title I - Grants to Local Education Agencies	84.010A	06-4331-00	29,227
<i>Passed through Regional Office of Education #21</i>			
McKinney Education for Homeless Children	84.196A	06-4920-00	21,545
<i>Passed through Perandoe Special Education District</i>			
(M) Fed. Sp. Ed. - IDEA - Discretionary	84.027A	06-4630-00	38,654
Total U.S. Department of Education			<u>1,118,252</u>
<b>U.S. Department of Labor:</b>			
<i>Passed through Mid-5 Employment &amp; Training, Inc.</i>			
Workforce Investment Act	17.259	WIA-ISY-PY05	19,716
<i>Passed through Wabash Area Development, Inc.</i>			
Workforce Investment Act	17.259	PY05-Y70-01	35,746
Total U.S. Department of Labor			<u>55,462</u>
<b>U.S. Department of Agriculture:</b>			
<i>Passed through Illinois State Board of Education</i>			
National School Lunch Program	10.555	05-4210-00	1,445
National School Lunch Program	10.555	06-4210-00	8,739
Total U.S. Department of Agriculture			<u>10,184</u>
<b>U.S. Forestry Department:</b>			
<i>Passed through Illinois Department of Natural Resources</i>			
Federal Forest Reserve	10.670	06-4473-00	18,692
<b>TOTAL</b>			<u>\$ 1,202,590</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2006**

**1. BASIS OF PRESENTATION**

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

**2. SUBRECIPIENTS**

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title I – Reading First Part B SEA funds	84.357A	<u>\$ 9,177</u>
Federal Forest Reserve	10.670	<u>\$18,692</u>

**3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS**

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

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

**4. NON-CASH ASSISTANCE**

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

**5. AMOUNT OF INSURANCE**

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

**6. LOANS OR LOAN GUARANTEES OUTSTANDING**

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