

**State of Illinois**  
**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the Year Ended June 30, 2005**

**Performed as Special Assistant Auditors**  
**for the Office of the Auditor General**

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46**

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**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46**

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**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46**

**OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Honorable Stephen Breese

Assistant Regional Superintendent  
(current and during the audit period)

Mr. Robert Nicolet

Offices are located at:

110 N. West Street  
Jacksonville, IL 62650

121 East Second Street  
Beardstown, IL 62618

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46**

**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.

**AUDITOR'S REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	6

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

Item No.    Page                    Description

FINDINGS (GOVERNMENT AUDITING STANDARDS)

05-1	12	Controls Over Compliance with Laws and Regulations
05-2	14	Inaccurate Expenditure Report
05-3	15	Undercollateralization of Bank Accounts

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

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

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

04-1	20	Mandate Compliance
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**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46**

**COMPLIANCE REPORT SUMMARY**

**INFORMAL EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on September 30, 2005. Attending were Honorable Stephen Breese, Regional Superintendent, Kris Lantz-Kaufman, Bookkeeper, and Ms. Beth McGrath, CPA, from Clifton Gunderson LLP. Responses to the recommendations were provided by Honorable Stephen Breese, Regional Superintendent on September 30, 2005.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 was performed by Clifton Gunderson LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's basic financial statements.

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46, as of and for the year ended June 30, 2005, which collectively comprise the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46'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 the 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2005 on our consideration of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46'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 21 through 31 and 55 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46'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.

*Clifton Gundersen LLP*

DeWitt, Iowa  
November 7, 2005

**INDEPENDENT AUDITOR'S 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 the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46, as of and for the year ended June 30, 2005, which collectively comprise the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's basic financial statements and have issued our report thereon dated November 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05-3.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as items 05-1 and 05-2.

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

*Clifton Gundersen LLP*

DeWitt, Iowa  
November 7, 2005

**INDEPENDENT AUDITORS 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's management. Our responsibility is to express an opinion on the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's compliance with those requirements.

In our opinion, the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## **Internal Control Over Compliance**

The management of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46'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 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.

*Clifton Gundersen LLP*

DeWitt, Iowa  
November 7, 2005

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2005**

**Section I: Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: \_\_\_\_\_ Unqualified \_\_\_\_\_

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   x   no
- Reportable condition(s) identified that are not considered to be material weaknesses?   x   yes \_\_\_\_\_ none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   x   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   x   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   x   none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ yes   x   no

Identification of major programs:

84.287A

21<sup>st</sup> Century Community Learning Centers

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   x   no

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations**

Criteria/specific requirement:

The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands.

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

Condition:

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

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

Effect:

The Regional Office of Education #46 did not comply with statutory requirements.

Cause:

According to ROE Officials, this mandate is not possible due to the time requirement and knowledge necessary for a thorough review of every school districts' books, accounts, and vouchers. The Regional Superintendent instead relies on audit opinions provided by the independent auditors of each school district.

Recommendation:

The Regional Office of Education #46 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations (continued)**

Management's Response:

In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21<sup>st</sup> century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

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



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 05-2 - Inaccurate Expenditure Report** (Repeat from 2004 - No. 04-2, 2003 - No. 03-2)

Criteria/Specific Requirement:

Amounts submitted on grant expenditure reports to the Illinois State Board of Education should be in agreement with the general ledger.

Condition:

Regional Office of Education #46 included \$156 that was related to the 2004 Truants Alternative and Optional Education grant on the 2005 grant expenditure report.

Effect:

The expenditure report that was submitted did not accurately reflect the activity of the period.

Cause:

This condition exists because the Regional Office of Education #46 erroneously included a 2004 expense as an expense of the 2005 grant.

Auditor's Recommendation:

The Regional Office of Education #46 should amend the expenditure report to accurately reflect the grant activity at June 30, 2005.

Management's Response:

The Regional Office of Education #46 will amend the expenditure report to accurately reflect the grant activity at June 30, 2005.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 05-3 - Undercollateralization of Bank Accounts**

Criteria/Specific Requirement:

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education No. 46's name. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ROE be adequately covered by depository insurance or collateral.

Condition:

Regional Office of Education #46 does not have sufficient collateral in place to insure their cash balances against possible loss. At year end, \$261,081 of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's bank balance of \$1,115,485 was exposed to custodial credit risk.

Effect:

Failure to secure full collateral on cash and investment balances may result in monetary losses to the ROE.

Cause:

This condition exists because the Regional Office of Education #46 does not carry sufficient collateral to cover the amount of cash it has on deposit in its bank accounts.

Auditor's Recommendation:

The Regional Office of Education #46 should monitor collateral requirements for its bank accounts. The ROE should consider making a formal arrangement with the bank to automatically pledge securities for any deposit amounts in excess of the FDIC insured amount.

Management's Response:

The Regional Office of Education #46 will monitor its bank balances on a monthly basis to make sure there is adequate collateralization to protect its cash and investments from potential loss.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005**

**Section III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NONCOMPLIANCE:**

None

**REPORTABLE CONDITIONS:**

None

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2005**

**FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations**

Condition:

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

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

Plan:

In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21<sup>st</sup> century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

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

Anticipated Date of Completion:

As soon as possible

Name of Contact Person:

Honorable Stephen Breese, Regional Superintendent

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2005**

**FINDING NO. 05-2 - Inaccurate Expenditure Report**

Condition:

Regional Office of Education #46 included \$156 that was related to the 2004 Truants Alternative and Optional Education grant on the 2005 grant expenditure report.

Plan:

The Regional Office of Education #46 will amend the expenditure report to accurately reflect the grant activity at June 30, 2005.

Anticipated Date of Completion:

January 1, 2006

Name of Contact Person:

Honorable Stephen Breese, Regional Superintendent

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2005**

**FINDING NO. 05-3 - Undercollateralization of Bank Accounts**

Condition:

Regional Office of Education #46 does not have sufficient collateral in place to insure their cash balances against possible loss. At year end, \$261,081 of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's bank balance of \$1,115,485 was exposed to custodial credit risk.

Plan:

The Regional Office of Education #46 will monitor its bank balances on a monthly basis to make sure there is adequate collateralization to protect its cash and investments from potential loss.

Anticipated Date of Completion:

Immediately

Name of Contact Person:

Honorable Stephen Breese, Regional Superintendent

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2005**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
04-1	Mandate Compliance	Resolved
04-2	Inaccurate Expenditure Report	Repeated

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's financial statements, which follow.

**2005 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased slightly from \$386,391 in fiscal year 2004 to \$387,835 in fiscal year 2005, and General Fund expenditures decreased from \$431,518 in fiscal year 2004 to \$391,425 in fiscal year 2005. Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's General Fund balance increased from \$103,984 in fiscal year 2004 to \$142,093 in fiscal year 2005, a 37% increase.
- The increase in General Fund fund balance was primarily attributable to our ability to support some of our regular employee salaries from other grant funds that they were serving, thus requiring fewer salaries to be paid out of the General Fund.
- The Education Fund revenues decreased from \$2,254,531 in fiscal year 2004 to \$1,115,492 in fiscal year 2005. Expenditures decreased from \$2,275,836 in fiscal year 2004 to \$1,066,342 in fiscal year 2005. This decrease is primarily due to the loss of our large federal grant program and the reduction of staff and services due to this loss.
- The Alternative Schools Fund revenues decreased slightly from \$466,682 in fiscal year 2004 to \$463,441 in fiscal year 2005, and Alternative Schools Fund expenditures increased from \$368,985 in fiscal year 2004 to \$403,476 in fiscal year 2005. This increase was primarily attributable to the addition of a part time administrator and increase in salaries for the other staff members.



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 as a whole and present an overall view of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's finances.

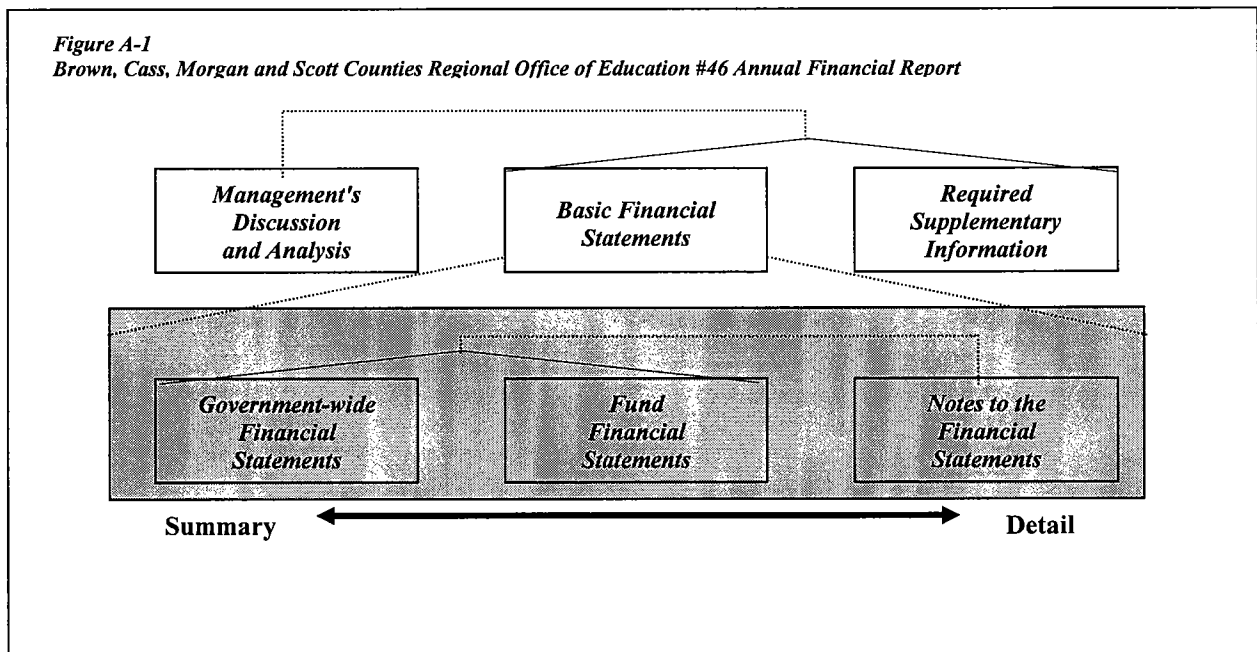
The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the Schedule of Funding Progress - IMRF which is required supplementary information.

Other Supplementary Information provides detailed information about the General Fund, Education Fund, Alternative Schools Fund and the nonmajor special revenue funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

Summarized below are the major features of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's financial statements, including the portion of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's activities they cover and the types of information they contain.

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>
Scope	Entire Brown, Cass, Morgan and Scott Counties Regional Office of Education #46	The activities of Brown, Cass, Morgan and Scott Counties Regional Office of Education, such as the General and Education Funds
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due during the year or soon thereafter

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**REPORTING BROWN, CASS, MORGAN AND SCOTT COUNTIES REGIONAL  
OFFICE OF EDUCATION #46'S FINANCIAL ACTIVITIES**

*Government-wide Financial Statements*

The government-wide financial statements report information about Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's net assets and how they have changed. Net assets - the difference between Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's assets and liabilities - are one way to measure Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's financial health or financial position. Over time, increases or decreases in Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's net assets are an indicator of whether financial position is improving or deteriorating. To assess Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's overall health, additional non-financial factors, such as changes in Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's community and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's activities are in one category:

- *Governmental activities:* Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's basic services are included here, such as grants and teacher certifications. Federal and state grants and local programs finance most of these activities.

*Fund Financial Statements*

The fund financial statements provide more detailed information about Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's funds, focusing on its most significant or "major" funds - not Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 as a whole. Funds are accounting devices Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 has one kind of fund:

1) *Governmental funds*: Most of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's programs.

Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's governmental funds include the General Fund, Education Fund, Alternative Schools Fund, Institute Fund, Bus Driver Fund, General Education Development Fund, Supervisory Fund, Film Coop Fund, WCI Schoolmasters Association Fund, Identix Fingerprinting Fund, Project Inquire Fund, Job Bank Fund, ROE Program Support Fund and Workshop Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46, assets exceeded liabilities by \$979,327 as of June 30, 2005.

A portion of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's net assets (1.17%) reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that is still outstanding. Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 did not use any debt to finance the purchase of capital assets. The government-wide statements also include \$106,008 in liabilities consisting of accounts payable, amounts due to other governments, and deferred revenue.

Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

The following table presents a summary of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's net assets for the fiscal years ended June 30, 2005 and 2004.

**2005**

	<b><u>Governmental Activities</u></b>
Current assets	\$ 1,073,855
Capital assets, net of accumulated depreciation	11,480
Total assets	<u>1,085,335</u>
Current liabilities	<u>106,008</u>
Net assets	
Invested in capital assets, net of related debt	11,480
Unrestricted	967,847
Total net assets	<u>\$ 979,327</u>

**2004**

	<b><u>Governmental Activities</u></b>
Current assets	\$ 905,957
Capital assets, net of accumulated depreciation	16,058
Total assets	<u>922,015</u>
Current liabilities	<u>29,252</u>
Net assets	
Invested in capital assets, net of related debt	16,058
Unrestricted	876,705
Total net assets	<u>\$ 892,763</u>

The largest portion of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's net assets is cash that is to be used to finance operations.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$967,847 and \$876,705 for 2005 and 2004, respectively.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**Changes in net assets**

Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's total revenue for the fiscal year ended June 30, 2005 was \$2,009,199. The total cost of all programs and services was \$1,922,635. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2005 and 2004.

**2005**

	<b><u>Governmental Activities</u></b>
<b>Revenues</b>	
Program revenues	
Operating grants and contributions	\$ 1,071,063
General revenues	
Local sources	235,968
State sources	481,466
On-behalf payments	<u>220,702</u>
Total revenues	<u>2,009,199</u>
<b>Expenses</b>	
Education	
Salaries	1,081,574
Benefits	241,207
Purchased services	249,375
Supplies and materials	108,157
Capital outlay	2,701
Payments to other governments	11,890
Depreciation expense	7,029
Administrative	
On-behalf payments	<u>220,702</u>
Total expenses	<u>1,922,635</u>
Change in net assets	86,564
Net assets, beginning of year	<u>892,763</u>
<b>Ending net assets</b>	<b><u>\$ 979,327</u></b>

Operating grants and contributions account for 53.3% of the total revenue. Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's expenses primarily relate to education which account for 88.5% of the total expenses.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**2004**

	<b><u>Governmental Activities</u></b>
<b>Revenues</b>	
Program revenues	
Operating grants and contributions	\$ 2,268,808
General revenues	
Local sources	221,221
State sources	439,530
On-behalf payments	<u>216,298</u>
Total revenues	<u>3,145,857</u>
<b>Expenses</b>	
Education	
Salaries	576,316
Benefits	143,639
Purchased services	178,311
Supplies and materials	59,241
Capital outlay	2,651
Payments to other governments	1,941,924
Depreciation expense	5,198
Administrative	
On-behalf payments	<u>216,298</u>
Total expenses	<u>3,123,578</u>
Change in net assets	22,279
Net assets, beginning of year	<u>870,484</u>
<b>Ending net assets</b>	<b><u>\$ 892,763</u></b>

Operating grants and contributions account for 72% of the total revenue. Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's expenses primarily relate to education which account for 93% of the total expenses.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**Governmental Activities**

Revenues for governmental activities were \$2,009,199 and \$3,145,857 and expenses were \$1,922,635 and \$3,123,578 for 2005 and 2004, respectively.

The following tables present the cost of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's community by each of these functions.

**2005**

	<u><b>Total Expenses</b></u>	<u><b>Net (Expenses) Revenues</b></u>
Education		
Salaries	\$ 1,081,574	\$ (421,473)
Benefits	241,207	(99,307)
Purchased services	249,375	(63,541)
Supplies and materials	108,157	(30,187)
Capital outlay	2,701	(1,869)
Payments to other governments	11,890	(7,464)
Depreciation expense	7,029	(7,029)
Administrative		
On-behalf payments	<u>220,702</u>	<u>(220,702)</u>
<b>Total expenses</b>	<u><b>\$ 1,922,635</b></u>	<u><b>\$ (851,572)</b></u>

**2004**

	<u><b>Total Expenses</b></u>	<u><b>Net (Expenses) Revenues</b></u>
Education		
Salaries	\$ 576,316	\$ (418,324)
Benefits	143,639	(95,873)
Purchased services	178,311	(90,679)
Supplies and materials	59,241	(24,397)
Capital outlay	2,651	-
Payments to other governments	1,941,924	(4,001)
Depreciation expense	5,198	(5,198)
Administrative		
On-behalf payments	<u>216,298</u>	<u>(216,298)</u>
<b>Total expenses</b>	<u><b>\$ 3,123,578</b></u>	<u><b>\$ (854,770)</b></u>



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

- The cost of all governmental activities were \$1,922,635 and \$3,123,578 for 2005 and 2004, respectively.
- Operating grants and contributions subsidized certain governmental activities with grants and contributions and other local revenues of \$1,071,063 and \$2,268,808 for 2005 and 2004, respectively.

**INDIVIDUAL FUND ANALYSIS**

As previously noted, Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 as a whole is reflected in its governmental funds, as well. As Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 completed the year, its governmental funds reported a combined fund balance of \$967,847, above last year's ending fund balance of \$871,514.

**Governmental Fund Highlights**

- Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's increase in General Fund financial position is the result of many factors. This was influenced by our ability to support some of these programs with grant money instead of General Fund money.
- The Education Fund balance increased from \$50,849 in fiscal year 2004 to \$85,979 in fiscal year 2005. This increase was due in part to carryover funds for our Reading First grant and System of Support grants.
- The Alternative Schools Fund balance increased from \$680,415 in fiscal year 2004 to \$692,701 in fiscal year 2005. This increase was primarily due to our ability to watch the bottom line and hold our expenses in check.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 amended several of its Education Fund annual budgets. More information about budgeting can be found in the Summary of Significant Accounting Policies on page 45 of these financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**CAPITAL ASSETS**

As of June 30, 2005, Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 had invested \$64,160 in capital assets, including furniture and equipment. This amount represents a net decrease prior to depreciation of \$303 from last year. Total depreciation expense for the year was \$7,029.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2005.

	<b>Governmental Activities</b>
Furniture and equipment	\$ <u>11,480</u>

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2004.

	<b>Governmental Activities</b>
Furniture and equipment	\$ <u>16,058</u>

Additional information on Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's capital assets can be found in Note 3 on page 47 of this report.

**ECONOMIC FACTORS BEARING ON BROWN, CASS, MORGAN AND SCOTT COUNTIES REGIONAL OFFICE OF EDUCATION #46'S FUTURE**

We are constantly concerned about the availability of grant funds we use to support the majority of the programs we offer. Continued decreases in money being allocated to us create long term problems for planning for future years and for keeping quality people in key positions.

**CONTACTING BROWN, CASS, MORGAN AND SCOTT COUNTIES REGIONAL OFFICE OF EDUCATION #46'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's citizens, taxpayers, and customers with a general overview of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's finances and to demonstrate Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Business and Finance Office, Brown, Cass, Morgan and Scott Counties Regional Office of Education #46, 110 N. West Street, Jacksonville, Illinois 62650.

## **BASIC FINANCIAL STATEMENTS**

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**

	<u>Primary</u> <u>Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Current:	
Cash and cash equivalents	\$ 1,058,264
Accounts receivable	217
Due from other governments	15,374
Total current assets	<u>1,073,855</u>
Noncurrent:	
Capital assets, being depreciated, net	<u>11,480</u>
Total assets	<u>1,085,335</u>
<b>LIABILITIES</b>	
Current:	
Accounts payable	37,367
Due to other governments	1,280
Deferred revenue	67,361
Total liabilities	<u>106,008</u>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	11,480
Unrestricted	<u>967,847</u>
Total net assets	<u><u>\$ 979,327</u></u>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2005**

**EXHIBIT B**

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets Primary Governmental Activities</u>
Primary government:			
Governmental activities:			
Education:			
Salaries	\$ 1,081,574	\$ 660,101	\$ (421,473)
Benefits	241,207	141,900	(99,307)
Purchased services	249,375	185,834	(63,541)
Supplies and materials	108,157	77,970	(30,187)
Capital outlay	2,701	832	(1,869)
Payments to other governments	11,890	4,426	(7,464)
Depreciation expense	7,029	-	(7,029)
Administrative:			
On-behalf payments	220,702	-	(220,702)
<b>Total primary government</b>	<u>\$ 1,922,635</u>	<u>\$ 1,071,063</u>	<u>(851,572)</u>
General revenues:			
Local sources			235,968
State sources			481,466
On-behalf payments			<u>220,702</u>
Total general revenues			<u>938,136</u>
<b>CHANGE IN NET ASSETS</b>			86,564
<b>NET ASSETS, BEGINNING OF YEAR</b>			<u>892,763</u>
<b>NET ASSETS, END OF YEAR</b>			<u>\$ 979,327</u>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005**

**EXHIBIT C**

	<b>General Fund</b>	<b>Education Fund</b>	<b>Alternative Schools Fund</b>	<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 147,083	\$ 169,825	\$ 694,282	\$ 47,074	\$ 1,058,264
Accounts receivable	-	-	217	-	217
Due from other governments	-	15,374	-	-	15,374
Due from other funds	-	574	-	-	574
<b>TOTAL ASSETS</b>	<b>\$ 147,083</b>	<b>\$ 185,773</b>	<b>\$ 694,499</b>	<b>\$ 47,074</b>	<b>\$ 1,074,429</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 4,416	\$ 32,951	\$ -	\$ -	\$ 37,367
Due to other funds	574	-	-	-	574
Due to other governments	-	1,280	-	-	1,280
Deferred revenue	-	65,563	1,798	-	67,361
Total liabilities	4,990	99,794	1,798	-	106,582
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General fund	142,093	-	-	-	142,093
Special revenue funds	-	85,979	692,701	47,074	825,754
Total fund balances	142,093	85,979	692,701	47,074	967,847
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 147,083</b>	<b>\$ 185,773</b>	<b>\$ 694,499</b>	<b>\$ 47,074</b>	<b>\$ 1,074,429</b>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #46  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2005**

<b>Total fund balances - governmental funds (page 35)</b>	\$ 967,847
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>11,480</u>
<b>Net assets of governmental activities (page 33)</b>	<u><u>\$ 979,327</u></u>

These financial statements should be read only in connection with the  
 accompanying independent auditor's report, summary of significant  
 accounting policies, and notes to financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2005**

**EXHIBIT E**

	<b>General Fund</b>	<b>Education Fund</b>	<b>Alternative Schools Fund</b>	<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Local sources	\$ 167,133	\$ 19,476	\$ 6,337	\$ 43,022	\$ 235,968
State sources	-	362,707	438,885	4,600	806,192
Federal sources	-	733,309	18,219	-	751,528
On-behalf payments	220,702	-	-	-	220,702
Total revenues	<u>387,835</u>	<u>1,115,492</u>	<u>463,441</u>	<u>47,622</u>	<u>2,014,390</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Salaries	110,155	665,155	302,526	3,738	1,081,574
Benefits	31,374	144,621	65,012	200	241,207
Purchased services	22,145	158,873	28,362	39,995	249,375
Supplies and materials	7,049	87,479	4,970	8,659	108,157
Capital outlay	-	2,546	2,606	-	5,152
Payments to other governments	-	7,668	-	4,222	11,890
On-behalf payments	220,702	-	-	-	220,702
Total expenditures	<u>391,425</u>	<u>1,066,342</u>	<u>403,476</u>	<u>56,814</u>	<u>1,918,057</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,590)</u>	<u>49,150</u>	<u>59,965</u>	<u>(9,192)</u>	<u>96,333</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	61,699	6,858	-	20,004	88,561
Transfers out	(20,000)	(20,878)	(47,679)	(4)	(88,561)
Total other financing sources (uses)	<u>41,699</u>	<u>(14,020)</u>	<u>(47,679)</u>	<u>20,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	38,109	35,130	12,286	10,808	96,333
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>103,984</u>	<u>50,849</u>	<u>680,415</u>	<u>36,266</u>	<u>871,514</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 142,093</u>	<u>\$ 85,979</u>	<u>\$ 692,701</u>	<u>\$ 47,074</u>	<u>\$ 967,847</u>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2005**

<b>Net change in fund balances (page 37)</b>		<b>\$ 96,333</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 2,860	
Depreciation expense	<u>(7,029)</u>	(4,169)
Loss on disposal of assets		(409)
Revenues in the fund statements that were recognized in the Statement of Activities in the prior year.		<u>(5,191)</u>
<b>Change in net assets of governmental activities (page 34)</b>		<b><u>\$ 86,564</u></b>

These financial statements should be read only in connection with the  
accompanying independent auditor's report, summary of significant  
accounting policies, and notes to financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
June 30, 2005**

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 is an entity that is a result of two Educational Service Regions becoming a Regional Office of Education as of August 7, 1995. The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education #46 encompasses the Brown, Cass, Morgan and Scott Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the Regional Office of Education #46 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

The functions of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 include, but are not limited to the following:

- Processing teachers' certificates;
- teaching initial and refresher classes for school bus drivers within the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46;
- reviewing life/safety requirements for schools in conjunction with the State of Illinois;
- issuing newsletters regarding new Illinois life/safety requirements; and
- monitoring compliance with State laws and Department of Education policies and procedures.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 has no distributive fund since the State of Illinois maintains responsibility for the function of distributing state and federal aid to individual school districts.

The financial statements of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

## **REPORTING ENTITY**

For financial reporting purposes, the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 has included all funds, organizations, agencies, boards, commissions and authorities. The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 are such that exclusion would cause the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46. The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 has no component units that meet the Governmental Accounting Standards Board criteria and is not a component unit of any other entity.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
June 30, 2005**

**BASIS OF PRESENTATION**

**Government-wide Financial Statements** - The Statement of Net Assets and the Statement of Activities report information on all of the activities of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

The Statement of Net Assets presents the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consist of capital assets, net of accumulated depreciation and reduced by outstanding balances for any debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management that can be removed or modified.

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

**Fund Financial Statements** - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 reports the following major governmental funds:

The General Fund is the operating fund of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The following funds comprise the General Fund:

Office Fund - This fund is used to account for County and miscellaneous local revenue to be used at the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's discretion.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2005**

**BASIS OF PRESENTATION (CONTINUED)**

Distributive Interest Fund - This fund is used to account for interest from former Distributive Fund funds that is to be used for general operations that benefit all counties in the region.

The Education Fund accounts for grant funds that are restricted as to their use. The following funds comprise the Education Fund:

ROE/ISC School Improvement Fund - This fund is used to account for costs associated with improving school programs and policies for the districts within the region.

Dental Sealant Fund - This fund is used to account for the costs associated with providing dental sealant for the region.

Math Performance Descriptors Fund - This fund is used to account for materials necessary for maintaining math standards for school districts within the region.

Truants Alternative/Optional Education Fund - This fund is used to account for a grant that provides truancy guidance and alternative education options for applicable students within the region.

Regional Safe Schools Fund - This fund is used to account for a grant that provides additional staff and materials for the alternative schools in the region.

ROE/ISC Operations Fund - This fund is used to account for a grant that provides operating funds for the region.

Step by Step Fund - This fund is used to account for a grant that provides training for various school improvement approaches within the region.

Department of Commerce and Economic Opportunity Fund - This fund is used to account for a grant that provides funding for various operational activities within the region.

21<sup>st</sup> Century Community Learning Centers Fund - This fund is used to account for a grant that provides after school activities for at-risk students within the region.

Title I - Reading First Part B SEA Fund - This fund is used to account for a grant that promotes the importance of reading development for the students within the region.

Title IV - Community Service Fund - This fund is used to account for a grant that provides community service based projects for students within the region.

Gifted Education Fund - This fund is used to account for a grant that provides funding for the gifted student programs at the school districts within the region.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
June 30, 2005**

**BASIS OF PRESENTATION (CONTINUED)**

Administrator's Academy Fund - This fund is used to account for a grant that provides workshops and support to administrators within the region.

Homeless Fund - This fund is used to account for a grant that provides assistance for homeless children within school districts.

Standards Aligned Classroom Fund - This fund is used to account for reimbursements for providing services to Two Rivers Professional Development Center.

Title V - Innovative Programs Fund - This fund is used to account for a grant to provide professional development opportunities for teachers.

Title IV - Safe and Drug Free Schools - Formula Fund - This fund is used to account for a grant to provide teachers with professional development opportunities related to maintaining a safe and drug free school.

Title II - Teacher Quality Fund - This fund is used to account for a grant to provide professional development opportunities for teachers.

Teen Reach Start-Up Fund - This fund is used to account for local start-up money for a teen reach afterschool program for students in the region.

Beardstown Pre-K Fund - This fund is used to account for local support for afterschool programs in the region.

Teen Reach - Department of Health and Human Services (DHHS) Fund - This fund is used to account for a grant to provide a teen reach afterschool program for students in the region.

Cass County Teen Reach - Department of Health and Human Services (DHHS) Fund - This fund is used to account for a grant to provide a teen reach afterschool program for students in the region.

Lice Busters Fund - This fund is used to account for a grant that provides lice treatment for students within the region.

The Alternative Schools Fund is used to account for the activities and programs of the alternative schools within the region.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 reports the following nonmajor special revenue funds:

Institute Fund - This fund is used to account for activities associated with the recertification process for teachers.

Bus Driver Fund - This fund is used to account for the testing and training of bus drivers for the districts within the region.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
June 30, 2005**

**BASIS OF PRESENTATION (CONTINUED)**

General Education Development Fund - This fund is used to account for the administration of General Education Development testing for applicants within the region.

Supervisory Fund - This fund is used to account for monies that are used by the Regional Superintendent and the Assistant Regional Superintendent for travel and other related expenses.

Film Coop Fund - This fund is used to account for library and video materials that are available to all the districts in the region.

WCI Schoolmasters Association Fund - This fund is used to account for activities associated with the West Central Illinois Schoolmasters Association.

Identix Fingerprinting Fund - This fund is used to account for a fee assessed to Districts and the expenses associated with providing background check/fingerprinting services.

Project Inquire Fund - This fund is used to account for reimbursements for providing services to Two Rivers Professional Development Center.

Job Bank Fund - This fund is used to account for a fee assessed to Districts and the expenses associated with posting job openings on the State website.

ROE Program Support Fund - This fund is used to account for local support for afterschool programs in the region.

Workshop Fund - This fund is used to account for various workshops held to benefit school districts within the region.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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 after year end.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
June 30, 2005**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 maintains its financial records on the cash basis. The financial statements of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 are prepared by making memorandum adjusting entries to the cash basis financial records.

**ASSETS, LIABILITIES AND FUND EQUITY**

The following accounting policies are followed in preparing the balance sheet:

Cash and cash equivalents - Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 considers all investments in certificates of deposit with maturities within one year to be cash equivalents.

Capital assets - Capital assets, which include property, furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
June 30, 2005**

**ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)**

Deferred revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unexpended grant proceeds.

Fund equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted net assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**BUDGETS AND BUDGETARY ACCOUNTING**

The budgetary comparison and related disclosures are reported as supplementary information.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 did not formally adopt a budget for the year ended June 30, 2005 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State programs. These budgets were used to prepare budgetary comparison schedules for the following programs: Truants Alternative/Optional Education Fund, Regional Safe Schools Fund, ROE/ISC Operations Fund, Title I - Reading First Part B SEA Fund, Title IV - Safe and Drug Free Schools - Formula Fund, and Title II - Teacher Quality Fund.

This information is an integral part of the accompanying financial statements.



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 1 - DEPOSITS AND INVESTMENTS**

The deposit and investment of monies is governed by the provisions of the Illinois Compiled Statutes. At June 30, 2005, the carrying amount of the deposits was \$1,058,264 (net of overdrafts) and the bank balance was \$1,115,485.

Deposits

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's deposits may not be returned. Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 does not have a deposit policy for custodial credit risk. As of June 30, 2005, \$261,081 of Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's bank balance of \$1,115,485 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 261,081</u>
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Investments

Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2005, Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 had investments with carrying and fair values of \$1,396 invested in the Illinois Funds Money Market Fund.

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

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

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 2 - DUE FROM/TO OTHER FUNDS**

Amounts due from/to other funds as of June 30, 2005 were as follows:

	<u>Due from Other funds</u>	<u>Due to Other funds</u>
Education Fund		
Truants Alternative/Optional Education Fund	\$ 574	\$ -
General Fund		
Office Fund	-	574
<b>Total</b>	<u>\$ 574</u>	<u>\$ 574</u>

**NOTE 3 - CAPITAL ASSETS**

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

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Governmental activities:				
Furniture and equipment	\$ 64,463	\$ 2,860	\$ 3,163	\$ 64,160
Less accumulated depreciation	48,405	7,029	2,754	52,680
<b>Total capital assets, net</b>	<u>\$ 16,058</u>	<u>\$ (4,169)</u>	<u>\$ (409)</u>	<u>\$ 11,480</u>

Depreciation expense was charged as follows:

Governmental activities:	
Education:	
Depreciation expense	<u>\$ 7,029</u>

**NOTE 4 - DUE FROM/TO OTHER GOVERNMENTS**

The detail of due from/to other governments for the year ended June 30, 2005 is as follows:

	<u>Due From</u>	<u>Due To</u>
Education Fund		
Title V - Innovative Programs Fund		
Illinois State Board of Education	\$ -	344
Title II - Teacher Quality Fund		
Illinois State Board of Education	-	936
Teen Reach - DHHS Fund		
Illinois Department of Health and Human Services	10,800	-
Cass County Teen Reach - DHHS Fund		
Illinois Department of Health and Human Services	4,574	-
<b>Total</b>	<u>\$ 15,374</u>	<u>\$ 1,280</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 5 - TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund		
Office Fund	\$ 61,699	\$ 20,000
Education Fund		
Gifted Education Fund	6,858	-
Administrator's Academy Fund	-	3,412
Homeless Fund	-	17,466
Alternative Schools Fund	-	47,679
Other Nonmajor Funds		
Bus Driver Fund	-	4
Supervisory Fund	4	-
Workshop Fund	20,000	-
<b>Total</b>	<b>\$ 88,561</b>	<b>\$ 88,561</b>

**NOTE 6 - EMPLOYEE BENEFIT PLANS**

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 on behalf of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 staff employees and grant coordinators.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 is a participating member of the Illinois Municipal Retirement Fund whose coverage includes all the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year;
- b. are paid on a regular payroll from the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 funds;
- c. were under age sixty when first entering employment; and
- d. are not covered by another state created retirement system for the same service.

Employees not qualifying above are considered as "nonparticipating employees" and are covered under Social Security.

The Regional Superintendent and the Assistant Regional Superintendent of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 are paid by the State of Illinois.

Illinois Municipal Retirement Fund

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 6 - EMPLOYEE BENEFIT PLANS (CONTINUED)**

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% of their annual covered salary. The member rate is established by state statute. The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 15.75% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 2 years.

For December 31, 2004, the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's annual pension cost of \$53,618 was equal to the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

**TREND INFORMATION**

<b>Actuarial Valuation Date</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/04	\$ 53,618	100%	\$ -
12/31/03	31,179	100%	-
12/31/02	21,731	100%	-
12/31/01	28,877	100%	-
12/31/00	21,784	100%	-
12/31/99	13,593	100%	-
12/31/98	8,214	100%	-
12/31/97	3,783	100%	-
12/31/96	831	100%	-
12/31/95	241	100%	-

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 6 - EMPLOYEE BENEFIT PLANS (CONTINUED)**

Teachers' Retirement System of the State of Illinois

The Regional Office of Education #46 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. Active TRS members are required to contribute 9 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay one-half of one percent contribution to the Teachers' Health Insurance Security Fund, a separate fund in the State Treasury that is not a part of this retirement plan.

The State of Illinois makes contributions directly to TRS on behalf of TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46. For the year ended June 30, 2005, the State of Illinois contributions were based on 9 percent of creditable earnings, and the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 recognized revenue and expenditures of \$28,899 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2004 and 2003, the State of Illinois contribution rates as a percentage of creditable earnings were 9 percent (\$27,102) and 13.01 percent (\$43,107), respectively.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 makes four other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** For the year ended June 30, 2005, TRS-covered employers were required to contribute 0.58 percent of creditable earnings as the employer share of the 2.2 formula change. There were \$1,862 in contributions for the year ended June 30, 2005. For the years ended June 30, 2004 and 2003, there were \$1,747 and \$596 in contributions, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46, there is a statutory requirement for the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 to pay an additional contribution that is currently 10.5 percent of salaries paid from those funds. There were no contributions for the years ended June 30, 2005, 2004, and 2003.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 6 - EMPLOYEE BENEFIT PLANS (CONTINUED)**

- **Early Retirement Incentive.** The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 is required to make employer contributions to TRS for members who retired under the 1993 - 1995 Early Retirement Incentive. For each year of service purchased, members received an equal number of years of age. Employers contributed 20 percent of the highest salary used in the calculation of final average salary for each year purchased; member contributions were also required. Employer contributions could be made in a lump sum, over five years in quarterly installments, or under a different schedule approved by the TRS Board of Trustees. For the years ended June 30, 2005, 2004, and 2003, there were no salaries that qualified for this plan.
- **Early Retirement Option.** The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the years ended June 30, 2005, 2004, and 2003, there were no salaries that qualified for this plan.

**Changes**

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

- **Active member contributions.** The active member contribution rate will increase from the current 9.0 percent of creditable earning to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.
- **State/federal contributions.** Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the state. Under Public Act 94-0004, the state contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.50 percent.
- **New employer contributions.**
  - **Salary increases over 6 percent.** If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.
  - **Sick leave in excess of normal allotment.** If employers grant sick leave near retirement in excess of the normal allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 6 - EMPLOYEE BENEFIT PLANS (CONTINUED)**

- **Early retirement option.** In addition to the changes described above, the following changes were made to ERO:
  - Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increase from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.
  - The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.
  - A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007.
  - Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements, can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2004. The report for the year ended June 30, 2005, is expected to be available in late 2005. 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 [www.trs.state.il.us](http://www.trs.state.il.us).

**NOTE 7 - DEFICIT FUND BALANCES**

The following funds had deficit fund balances at June 30, 2005. The deficits will be covered by normal operations or fund transfers.

Education Fund	
ROE/ISC Operations Fund	\$ (123)
Title IV - Community Service Fund	(136)
Other Nonmajor Funds	
Supervisory Fund	(301)
Project Inquire Fund	(365)

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 8 - ON-BEHALF PAYMENTS**

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The State of Illinois and the respective employees also pay pension plan contributions associated with these salaries. The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 pays all other salaries.

On-behalf payments are as follows:

Regional Superintendent - salary	\$ 84,737
Regional Superintendent - benefits (includes State paid insurance)	14,266
Assistant Regional Superintendent - salary	76,263
Assistant Regional Superintendent - benefits (includes State paid insurance)	16,537
TRS on-behalf payments	<u>28,899</u>
<b>Total on-behalf payments</b>	<b><u>\$ 220,702</u></b>

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.

**NOTE 9 - RISK MANAGEMENT**

The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

**NOTE 10 - NEW PRONOUNCEMENT**

Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, during the year ended June 30, 2005. This statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This statement also establishes and modifies disclosure requirements for deposit risks.

This information is an integral part of the accompanying financial statements.



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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
SCHEDULE OF FUNDING PROGRESS - IMRF (Unaudited)  
June 30, 2005**

**SCHEDULE OF FUNDING PROGRESS**

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)
12/31/04	\$ 547,640	\$ 560,390	\$ 12,750	97.72%	\$ 340,432	3.75%
12/31/03	463,196	458,809	(4,387)	100.96%	291,397	0.00%
12/31/02	402,190	483,209	81,019	83.23%	339,552	23.86%
12/31/01	380,910	394,004	13,094	96.68%	362,778	3.61%
12/31/00	323,790	296,623	(27,167)	109.16%	314,797	0.00%
12/31/99	254,571	241,214	(13,357)	105.54%	270,795	0.00%
12/31/98	187,357	167,547	(19,810)	111.82%	169,013	0.00%
12/31/97	142,772	112,804	(29,968)	126.57%	151,349	0.00%
12/31/96	109,922	90,767	(19,155)	121.10%	94,374	0.00%
12/31/95	53,336	69,606	16,270	76.63%	30,835	52.76%

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$548,608. On a market basis, the funded ratio would be 97.90 percent.

**\*Digest of Changes**

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

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

**OTHER SUPPLEMENTARY INFORMATION**

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #46  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 June 30, 2005**

	<u>Office Fund</u>	<u>Distributive Interest Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 142,406</u>	<u>\$ 4,677</u>	<u>\$ 147,083</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 4,416	\$ -	\$ 4,416
Due to other funds	574	-	574
Total liabilities	<u>4,990</u>	<u>-</u>	<u>4,990</u>
<b>FUND BALANCES</b>			
Unreserved	<u>137,416</u>	<u>4,677</u>	<u>142,093</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 142,406</u>	<u>\$ 4,677</u>	<u>\$ 147,083</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>Office Fund</b>	<b>Distributive Interest Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Local sources	\$ 166,748	\$ 385	\$ 167,133
On-behalf payments	220,702	-	220,702
Total revenues	387,450	385	387,835
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	110,155	-	110,155
Benefits	31,374	-	31,374
Purchased services	19,196	2,949	22,145
Supplies and materials	6,378	671	7,049
On-behalf payments	220,702	-	220,702
Total expenditures	387,805	3,620	391,425
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(355)	(3,235)	(3,590)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	61,699	-	61,699
Transfers out	(20,000)	-	(20,000)
Total other financing sources (uses)	41,699	-	41,699
<b>NET CHANGES IN FUND BALANCES</b>	41,344	(3,235)	38,109
<b>FUND BALANCE, BEGINNING OF YEAR</b>	96,072	7,912	103,984
<b>FUND BALANCE, END OF YEAR</b>	\$ 137,416	\$ 4,677	\$ 142,093

BROWN, CASS, MORGAN AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #46  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2005

	ROE/ISC School Improvement Fund	Dental Sealant Fund	Math Performance Descriptors Fund	Truants Alternative/ Optional Education Fund	Regional Safe Schools Fund	ROE/ISC Operations Fund
<b>ASSETS</b>						
Cash (overdrafts) and equivalents	\$ 791	\$ 975	\$ 329	\$ 10,598	\$ 42,182	\$ 4,104
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	574	-	-
<b>TOTAL ASSETS</b>	<u>\$ 791</u>	<u>\$ 975</u>	<u>\$ 329</u>	<u>\$ 11,172</u>	<u>\$ 42,182</u>	<u>\$ 4,104</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 11,172	\$ 7,525	\$ 4,227
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	-	-	-	168	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,172</u>	<u>7,693</u>	<u>4,227</u>
<b>FUND BALANCE (DEFICIT)</b>						
Fund balance (deficit), unreserved and undesignated	<u>791</u>	<u>975</u>	<u>329</u>	<u>-</u>	<u>34,489</u>	<u>(123)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 791</u>	<u>\$ 975</u>	<u>\$ 329</u>	<u>\$ 11,172</u>	<u>\$ 42,182</u>	<u>\$ 4,104</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2005

	Step by Step Fund	Department of Commerce and Economic Opportunity Fund	21 <sup>st</sup> Century Community Learning Centers Fund	Title I - Reading First Part B SEA Fund	Title IV - Community Service Fund	Gifted Education Fund
<b>ASSETS</b>						
Cash (overdrafts) and equivalents	\$ 35,915	\$ 27	\$ 45,568	\$ 19,835	\$ (136)	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 35,915</u>	<u>\$ 27</u>	<u>\$ 45,568</u>	<u>\$ 19,835</u>	<u>\$ (136)</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	27	45,488	19,835	-	-
Total liabilities	-	27	45,488	19,835	-	-
<b>FUND BALANCE (DEFICIT)</b>						
Fund balance (deficit), unreserved and undesignated	35,915	-	80	-	(136)	-
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 35,915</u>	<u>\$ 27</u>	<u>\$ 45,568</u>	<u>\$ 19,835</u>	<u>\$ (136)</u>	<u>\$ -</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2005

	Administrator's Academy Fund	Homeless Fund	Standards Aligned Classroom Fund	Title V - Innovative Programs Fund	Title IV - Safe and Drug Free Schools - Formula Fund	Title II - Teacher Quality Fund
<b>ASSETS</b>						
Cash (overdrafts) and equivalents	\$ 805	\$ -	\$ 9,481	\$ 347	\$ 39	\$ 939
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 805</u>	<u>\$ -</u>	<u>\$ 9,481</u>	<u>\$ 347</u>	<u>\$ 39</u>	<u>\$ 939</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	344	-	936
Deferred revenue	-	-	-	3	39	3
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>347</u>	<u>39</u>	<u>939</u>
<b>FUND BALANCE (DEFICIT)</b>						
Fund balance (deficit), unreserved and undesignated	805	-	9,481	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 805</u>	<u>\$ -</u>	<u>\$ 9,481</u>	<u>\$ 347</u>	<u>\$ 39</u>	<u>\$ 939</u>



BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2005

	Teen Reach Start-Up Fund	Beardstown Pre-K Fund	Teen Reach - DHHS Fund	Cass County Teen Reach - DHHS Fund	Lice Busters Fund	Total
<b>ASSETS</b>						
Cash (overdrafts) and equivalents	\$ -	\$ -	\$ (738)	\$ (4,574)	\$ 3,338	\$ 169,825
Due from other governments	-	-	10,800	4,574	-	15,374
Due from other funds	-	-	-	-	-	574
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,062</b>	<b>\$ -</b>	<b>\$ 3,338</b>	<b>\$ 185,773</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 10,027	\$ -	\$ -	\$ 32,951
Due to other governments	-	-	-	-	-	1,280
Deferred revenue	-	-	-	-	-	65,563
Total liabilities	-	-	10,027	-	-	99,794
<b>FUND BALANCE (DEFICIT)</b>						
Fund balance (deficit), unreserved and undesignated	-	-	35	-	3,338	85,979
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,062</b>	<b>\$ -</b>	<b>\$ 3,338</b>	<b>\$ 185,773</b>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>ROE/ISC School Improvement Fund</b>	<b>Dental Sealant Fund</b>	<b>Math Performance Descriptors Fund</b>
<b>REVENUES:</b>			
Local sources	\$ 3	\$ 4	\$ 3
State sources	-	4,355	-
Federal sources	-	-	-
Total revenues	<u>3</u>	<u>4,359</u>	<u>3</u>
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	-	-	-
Benefits	-	-	-
Purchased services	-	3,891	-
Supplies and materials	-	250	16
Capital outlay	-	-	1,605
Payments to other governments	-	-	-
Total expenditures	<u>-</u>	<u>4,141</u>	<u>1,621</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3</u>	<u>218</u>	<u>(1,618)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	3	218	(1,618)
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>788</u>	<u>757</u>	<u>1,947</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 791</u>	<u>\$ 975</u>	<u>\$ 329</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>Truants Alternative/ Optional Education Fund</b>	<b>Regional Safe Schools Fund</b>	<b>ROE/ISC Operations Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES:</b>			
Local sources	\$ 728	\$ -	\$ 26
State sources	120,000	101,926	60,127
Federal sources	-	-	-
Total revenues	<u>120,728</u>	<u>101,926</u>	<u>60,153</u>
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	44,917	61,237	39,801
Benefits	17,322	16,966	15,800
Purchased services	28,214	13,310	4,899
Supplies and materials	30,275	10,413	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Total expenditures	<u>120,728</u>	<u>101,926</u>	<u>60,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(347)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	(347)
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>34,489</u>	<u>224</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ 34,489</u>	<u>\$ (123)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	Step by Step Fund	Department of Commerce and Economic Opportunity Fund	21 <sup>st</sup> Century Community Learning Centers Fund
<b>REVENUES:</b>			
Local sources	\$ 130	\$ -	\$ 189
State sources	43,936	-	-
Federal sources	-	-	592,296
Total revenues	44,066	-	592,485
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	7,500	-	402,288
Benefits	109	-	76,144
Purchased services	3,130	-	86,351
Supplies and materials	280	-	26,681
Capital outlay	-	-	941
Payments to other governments	-	-	-
Total expenditures	11,019	-	592,405
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	33,047	-	80
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	33,047	-	80
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	2,868	-	-
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	\$ 35,915	\$ -	\$ 80

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>Title I - Reading First Part B SEA Fund</b>	<b>Title IV - Community Service Fund</b>	<b>Gifted Education Fund</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>			
Local sources	\$ -	\$ 54	\$ (5)
State sources	-	-	-
Federal sources	10,925	878	-
Total revenues	<u>10,925</u>	<u>932</u>	<u>(5)</u>
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	-	-	-
Benefits	-	-	-
Purchased services	3,747	1,068	-
Supplies and materials	2,678	-	-
Capital outlay	-	-	-
Payments to other governments	4,500	-	-
Total expenditures	<u>10,925</u>	<u>1,068</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(136)</u>	<u>(5)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	6,858
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,858</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	(136)	6,853
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>(6,853)</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ (136)</u>	<u>\$ -</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>Administrator's Academy Fund</b>	<b>Homeless Fund</b>	<b>Standards Aligned Classroom Fund</b>
<b>REVENUES:</b>			
Local sources	\$ 11	\$ 10,006	\$ 34
State sources	-	-	13,901
Federal sources	-	-	-
Total revenues	11	10,006	13,935
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	-	-	833
Benefits	-	-	12
Purchased services	1,539	54	3,609
Supplies and materials	1,810	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Total expenditures	3,349	54	4,454
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,338)	9,952	9,481
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(3,412)	(17,466)	-
Total other financing sources (uses)	(3,412)	(17,466)	-
<b>NET CHANGES IN FUND BALANCES</b>	(6,750)	(7,514)	9,481
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	7,555	7,514	-
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	\$ 805	\$ -	\$ 9,481

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>Title V - Innovative Programs Fund</b>	<b>Title IV - Safe and Drug Free Schools - Formula Fund</b>	<b>Title II - Teacher Quality Fund</b>
<b>REVENUES:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	-	200	510
Total revenues	-	200	510
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	-	-	-
Benefits	-	-	-
Purchased services	-	200	510
Supplies and materials	-	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Total expenditures	-	200	510
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	-	-	-
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	\$ -	\$ -	\$ -

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>Teen Reach Start-Up Fund</b>	<b>Beardstown Pre-K Fund</b>	<b>Teen Reach - DHHS Fund</b>
<b>REVENUES:</b>			
Local sources	\$ 1,963	\$ 3,782	\$ 35
State sources	-	-	-
Federal sources	-	-	128,500
Total revenues	<u>1,963</u>	<u>3,782</u>	<u>128,535</u>
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	-	2,318	91,130
Benefits	-	177	16,922
Purchased services	-	82	6,515
Supplies and materials	-	-	13,933
Capital outlay	-	-	-
Payments to other governments	1,963	1,205	-
Total expenditures	<u>1,963</u>	<u>3,782</u>	<u>128,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>35</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	35
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35</u>



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

	<b>Cass County Teen Reach - DHHS Fund</b>	<b>Lice Busters Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Local sources	\$ -	\$ 2,513	\$ 19,476
State sources	18,462	-	362,707
Federal sources	-	-	733,309
<b>Total revenues</b>	<b>18,462</b>	<b>2,513</b>	<b>1,115,492</b>
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	14,655	476	665,155
Benefits	1,121	48	144,621
Purchased services	1,699	55	158,873
Supplies and materials	987	156	87,479
Capital outlay	-	-	2,546
Payments to other governments	-	-	7,668
<b>Total expenditures</b>	<b>18,462</b>	<b>735</b>	<b>1,066,342</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>1,778</b>	<b>49,150</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	6,858
Transfers out	-	-	(20,878)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(14,020)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>1,778</b>	<b>35,130</b>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<b>-</b>	<b>1,560</b>	<b>50,849</b>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<b>\$ -</b>	<b>\$ 3,338</b>	<b>\$ 85,979</b>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
 Year Ended June 30, 2005

**SCHEDULE 5**

	Truants Alternative/Optional Education Fund			Regional Safe Schools Fund			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	
<b>REVENUES:</b>							
Local sources	\$ -	\$ -	\$ 728	\$ -	\$ -	\$ -	\$ -
State sources	120,000	120,000	120,000	-	-	101,926	101,926
Federal sources	-	-	-	101,926	101,926	-	(101,926)
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>120,728</u>	<u>101,926</u>	<u>101,926</u>	<u>101,926</u>	<u>-</u>
<b>EXPENDITURES:</b>							
Current:							
Salaries	45,933	45,933	44,917	62,549	62,549	61,237	1,312
Benefits	18,752	18,752	17,322	18,000	18,000	16,966	1,034
Purchased services	25,216	25,216	28,214	12,387	12,387	13,310	(923)
Supplies and materials	30,099	30,099	30,275	8,990	8,990	10,413	(1,423)
Payments to other governments	-	-	-	-	-	-	-
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>120,728</u>	<u>101,926</u>	<u>101,926</u>	<u>101,926</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-	-	-	-
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	34,489	34,489	34,489	-
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,489</u>	<u>\$ 34,489</u>	<u>\$ 34,489</u>	<u>\$ -</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**Year Ended June 30, 2005**

**SCHEDULE 5**  
**(CONTINUED)**

	ROE/ISC Operations Fund			Title I - Reading First Part B SEA Fund		
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts
						Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES:</b>						
Local sources	\$ -	\$ -	\$ 26	\$ -	\$ -	\$ -
State sources	55,527	60,127	60,127	-	-	-
Federal sources	-	-	-	30,641	30,641	(19,716)
Total revenues	<u>55,527</u>	<u>60,127</u>	<u>60,153</u>	<u>30,641</u>	<u>30,641</u>	<u>(19,716)</u>
<b>EXPENDITURES:</b>						
Current:						
Salaries	39,427	39,427	39,801	-	-	(374)
Benefits	15,800	15,800	15,800	-	-	-
Purchased services	300	4,900	4,899	11,072	11,072	3,747
Supplies and materials	-	-	-	6,500	6,500	2,678
Payments to other governments	-	-	-	13,069	13,069	4,500
Total expenditures	<u>55,527</u>	<u>60,127</u>	<u>60,500</u>	<u>30,641</u>	<u>30,641</u>	<u>19,716</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	(347)	-	-	-
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	224	224	224	-	-	-
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 224</u>	<u>\$ 224</u>	<u>\$ (123)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

**SCHEDULE 5  
(CONTINUED)**

	Title IV - Safe and Drug Free Schools - Formula Fund				Title II - Teacher Quality				Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	
<b>REVENUES:</b>									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	239	239	200	(39)	1,446	1,446	510	(936)	
Total revenues	<u>239</u>	<u>239</u>	<u>200</u>	<u>(39)</u>	<u>1,446</u>	<u>1,446</u>	<u>510</u>	<u>(936)</u>	
<b>EXPENDITURES:</b>									
Current:									
Salaries	-	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Purchased services	239	239	200	39	1,446	1,446	510	936	
Supplies and materials	-	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-	-
Total expenditures	<u>239</u>	<u>239</u>	<u>200</u>	<u>39</u>	<u>1,446</u>	<u>1,446</u>	<u>510</u>	<u>936</u>	
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-	-	-	-	-	-
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	-	-	-	-	-	-
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005**

**SCHEDULE 5  
(CONTINUED)**

	<u>Totals</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Budgeted Amounts Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 754	\$ 754
State sources	175,527	180,127	282,053	101,926
Federal sources	134,252	134,252	11,635	(122,617)
Total revenues	<u>309,779</u>	<u>314,379</u>	<u>294,442</u>	<u>(19,937)</u>
<b>EXPENDITURES:</b>				
Current:				
Salaries	147,909	147,909	145,955	1,954
Benefits	52,552	52,552	50,088	2,464
Purchased services	50,660	55,260	50,880	4,380
Supplies and materials	45,589	45,589	43,366	2,223
Payments to other governments	13,069	13,069	4,500	8,569
Total expenditures	<u>309,779</u>	<u>314,379</u>	<u>294,789</u>	<u>19,590</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	(347)	(347)
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>34,713</u>	<u>34,713</u>	<u>34,713</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 34,713</u>	<u>\$ 34,713</u>	<u>\$ 34,366</u>	<u>\$ (347)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

**SCHEDULE 6**

June 30, 2005

	<u>Institute Fund</u>	<u>Bus Driver Fund</u>	<u>General Education Development Fund</u>	<u>Supervisory Fund</u>
<b>ASSETS</b>				
Cash (overdraft) and cash equivalents	\$ 24,962	\$ 1,404	\$ 4,077	\$ (301)
	<u>24,962</u>	<u>1,404</u>	<u>4,077</u>	<u>(301)</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
None	\$ -	\$ -	\$ -	\$ -
	<u>24,962</u>	<u>1,404</u>	<u>4,077</u>	<u>(301)</u>
<b>FUND BALANCES (DEFICIT)</b>				
Unreserved	\$ 24,962	\$ 1,404	\$ 4,077	\$ (301)
	<u>24,962</u>	<u>1,404</u>	<u>4,077</u>	<u>(301)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
	\$ 24,962	\$ 1,404	\$ 4,077	\$ (301)
	<u>24,962</u>	<u>1,404</u>	<u>4,077</u>	<u>(301)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2005**

**SCHEDULE 6**  
**(CONTINUED)**

	<b>Film Coop Fund</b>	<b>WCI Schoolmasters Association Fund</b>	<b>Identix Fingerprinting Fund</b>	<b>Project Inquire Fund</b>
<b>ASSETS</b>				
Cash (overdraft) and cash equivalents	<u>\$ 1,084</u>	<u>\$ 105</u>	<u>\$ 1,369</u>	<u>\$ (365)</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
None	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT)</b>				
Unreserved	<u>1,084</u>	<u>105</u>	<u>1,369</u>	<u>(365)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 1,084</u>	<u>\$ 105</u>	<u>\$ 1,369</u>	<u>\$ (365)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2005

**SCHEDULE 6  
(CONTINUED)**

	<u>Job Bank Fund</u>	<u>ROE Program Support Fund</u>	<u>Workshop Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash (overdraft) and cash equivalents	\$ 1,013	\$ 786	\$ 12,940	\$ 47,074
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
None	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT)</b>				
Unreserved	1,013	786	12,940	47,074
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 1,013</u>	<u>\$ 786</u>	<u>\$ 12,940</u>	<u>\$ 47,074</u>



**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended June 30, 2005**

	<u>Institute Fund</u>	<u>Bus Driver Fund</u>	<u>General Education Development Fund</u>	<u>Supervisory Fund</u>
<b>REVENUES:</b>				
Local sources	\$ 14,242	\$ 845	\$ 4,266	\$ 5
State sources	-	600	-	4,000
Total revenues	<u>14,242</u>	<u>1,445</u>	<u>4,266</u>	<u>4,005</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	-	-	1,963	-
Benefits	-	-	174	-
Purchased services	7,033	1,599	2,377	3,997
Supplies and materials	-	73	2,022	-
Payments to other governments	4,222	-	-	-
Total expenditures	<u>11,255</u>	<u>1,672</u>	<u>6,536</u>	<u>3,997</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,987</u>	<u>(227)</u>	<u>(2,270)</u>	<u>8</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	4
Transfers out	-	(4)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>4</u>
<b>NET CHANGES IN FUND BALANCES</b>	2,987	(231)	(2,270)	12
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>21,975</u>	<u>1,635</u>	<u>6,347</u>	<u>(313)</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 24,962</u>	<u>\$ 1,404</u>	<u>\$ 4,077</u>	<u>\$ (301)</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2005

	Film Coop Fund	WCI Schoolmasters Association Fund	Identix Fingerprinting Fund	Project Inquire Fund
<b>REVENUES:</b>				
Local sources	\$ 16,133	\$ -	\$ 4,198	\$ 481
State sources	-	-	-	-
Total revenues	<u>16,133</u>	<u>-</u>	<u>4,198</u>	<u>481</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	-	-	-	-
Benefits	-	-	-	-
Purchased services	14,945	-	2,829	822
Supplies and materials	1,439	-	-	24
Payments to other governments	-	-	-	-
Total expenditures	<u>16,384</u>	<u>-</u>	<u>2,829</u>	<u>846</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(251)</u>	<u>-</u>	<u>1,369</u>	<u>(365)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(251)</u>	<u>-</u>	<u>1,369</u>	<u>(365)</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>1,335</u>	<u>105</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 1,084</u>	<u>\$ 105</u>	<u>\$ 1,369</u>	<u>\$ (365)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46**

**SCHEDULE 7  
(CONTINUED)**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

Year Ended June 30, 2005

	Job Bank Fund	ROE Program Support Fund	Workshop Fund	Total
<b>REVENUES:</b>				
Local sources	\$ 1,013	\$ 1,553	\$ 286	\$ 43,022
State sources	-	-	-	4,600
Total revenues	<u>1,013</u>	<u>1,553</u>	<u>286</u>	<u>47,622</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	-	-	1,775	3,738
Benefits	-	-	26	200
Purchased services	-	-	6,393	39,995
Supplies and materials	-	767	4,334	8,659
Payments to other governments	-	-	-	4,222
Total expenditures	<u>-</u>	<u>767</u>	<u>12,528</u>	<u>56,814</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,013</u>	<u>786</u>	<u>(12,242)</u>	<u>(9,192)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	20,000	20,004
Transfers out	-	-	-	(4)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
<b>NET CHANGES IN FUND BALANCES</b>	1,013	786	7,758	10,808
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	-	-	5,182	36,266
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 1,013</u>	<u>\$ 786</u>	<u>\$ 12,940</u>	<u>\$ 47,074</u>

SCHEDULE 8

**BROWN, CASS, MORGAN AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #46**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2005**

Federal Grantor/Pass-Through Grantor, Program Title & Major Program Designation	CFDA Number	Project Number (1st 8 digits) or Contract #	Expenditures		Oblig./ Encumb.	Final Status
			7/1/04 - 6/30/05			
U.S. Dept. of Education (M) 21 <sup>st</sup> Century Community Learning Centers	84.287A	S287A010974-03	\$ 592,296	\$ -	\$ -	\$ 592,296
U.S. Dept. of Education passed through Illinois State Board of Education: Title I - Reading First Part B SEA	84.357A	05-4337-02	10,925	-	-	10,925
Title IV - Community Service	84.184C	04-4420-00	878	-	-	878
Title IV - Safe and Drug Free Schools - Formula	84.186A	05-4400-00	200	-	-	200
Title II - Teacher Quality	84.367A	05-4932-00	510	-	-	510
U.S. Dept. of Agriculture passed through Illinois State Board of Education: National School Lunch Program	10.555	05-4210-00	12,852	-	-	12,852
U.S. Dept. of Health and Human Services passed through Illinois State Board of Education: General State Aid - Regional Safe Schools Program (TANF)	93.558	05-3001-93	5,367	-	-	5,367
Corporation for National and Community Service passed through Illinois Department of Human Services: TANF - Youth Programs America Learn and Serve - Community Activities	94.004 94.004	511G5847000 511G5847000	112,473 6,000 118,473	10,027 -	10,027	122,500 6,000 128,500
Total expenditures of federal awards			\$ 741,501	\$ 10,027	\$ 10,027	\$ 751,528

(M) Program was audited as a major program  
The accompanying notes are an integral part of this schedule.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #46  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005**

**NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 and is prepared 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.

**NOTE 2 - SUBRECIPIENTS**

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA#</u>	<u>Amount Provided To Subrecipients</u>
Title I - Reading First Part B SEA	84.357A	\$ <u>4,500</u>

**NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM**

The 21<sup>st</sup> Century Community Learning Centers program is to account for grant monies received for, and payment of, expenses related to providing after school programs to students within the region serviced by the Brown, Cass, Morgan and Scott Counties Regional Office of Education #46.

**NOTE 4 - NON-CASH ASSISTANCE**

N/A

**NOTE 5 - AMOUNT OF INSURANCE**

N/A

**NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING**

N/A

This information is an integral part of the accompanying schedule.