

State of Illinois
CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
FINANCIAL AUDIT
(In Accordance with the
Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2004

Performed as Special Assistant Auditors
For the Office of the Auditor General

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
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 JUNE 30, 2004

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OFFICIALS

REGIONAL OFFICE OF EDUCATION #13

Regional Superintendent
(Current and during the Audit Period)

Mr. Danny L. Garrett

Assistant Regional Superintendent
(Current and during the Audit Period)

Mr. David L. Erlinger

Offices are located at:

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

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

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

REGIONAL OFFICE OF EDUCATION #13

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	8

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		FINDINGS (GOVERNMENT AUDITING STANDARDS)
04-1	12	Improper Expenditure Classification
		FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)
		NONE
		FINDINGS (STATE COMPLIANCE)
		NONE

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

NONE

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

NONE

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

NONE

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 13, 2004. Attending were Danny Garrett, Regional Superintendent and Timothy G. Bryan, CPA, Partner. Responses to the recommendations were provided by Danny Garrett, Regional Superintendent.

FINANCIAL STATEMENT REPORT

SUMMARY

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clinton, Marion, and Washington Counties Regional Office of Education #13, as of and for the year ended June 30, 2004, which collectively comprise the Regional Office of Education #13's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office Education #13's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #13, as of June 30, 2004, 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.

As described in Note 1, the Regional Office of Education #13 adopted the provisions of GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement 38, *Certain Financial Statement Note Disclosures*, as of June 30, 2004.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16i, and 43 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2004 on our consideration of the Regional Office of Education #13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #13's basic financial statements. The combining and individual nonmajor fund financial statements 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 not a required part of the basic financial statements of the Regional Office of Education #13. 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.

Krepper CPA Group LLP

Certified Public Accountants and Consultants

Mt. Vernon, Illinois
August 13, 2004

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING 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 Regional Office of Education #13, as of and for the year ended June 30, 2004, which collectively comprise the Regional Office of Education #13's basic financial statements and have issued our report thereon dated August 13, 2004. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #13's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #13's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Regional Office of Education #13's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 04-1.

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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 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 believe that the reportable condition described above is not a material weakness.

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mt. Vernon, Illinois

August 13, 2004

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of Regional Office of Education #13 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Regional Office of Education #13's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #13's management. Our responsibility is to express an opinion on the Regional Office of Education #13's compliance based on our audit.

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

In our opinion, Regional Office of Education #13 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. The results of our auditing procedures disclosed no instances of noncompliance that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

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

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 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 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.

Keystone CPA Group LLP
Certified Public Accountants and Consultants

Mt. Vernon, Illinois
August 13, 2004

CLINTON, MARION AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2004

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of **major** programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558	Regional Safe School
93.558	Regional Safe School State Aid 3001-93
84.181	Special Education Grants for Infants and Families with Disabilities
93.667	Social Service Block Grant

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

Auditee qualified as a low-risk auditee? No

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding No.: 04-1 – Improper Expenditure Classification

Criteria/specific requirement:

The Regional Office of Education #13 is required by the Illinois State Board of Education (ISBE) to classify expenditures in the appropriate functional category.

Condition:

The Regional Office of Education #13 classified a \$19,433 capital outlay expenditure as a miscellaneous object expenditure.

Effect:

Misclassification of expenditures may cause inaccurate reporting on expenditure reports, as well as cause the fixed asset schedule to not reconcile to the accounting records.

Cause:

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

Auditors' Recommendation:

The Regional Office of Education #13 should classify capital outlay expenditures in the correct account code.

Management's Response:

The Regional Superintendent agrees with the finding.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

None

REPORTABLE CONDITIONS:

None

CLINTON, MARION AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2004

Corrective Action Plan

Finding No. 04-1

Condition:

The Regional Office of Education #13 classified a capital outlay expenditure as a miscellaneous object expenditure.

Plan:

The Regional Office of Education #13 will classify capital outlay expenditures in the correct account code.

Anticipated Date of Completion:

Immediately upon learning of the oversight

Name of Contact Person:

Mr. Danny Garrett, Regional Superintendent

CLINTON, MARION AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2004

None

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

Regional Office of Education #13 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the Regional Office of Education #13's financial statements, which follow.

Because Regional Office of Education #13 is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of this information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the Regional Office of Education #13's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$972,136 in fiscal year 2003 (FY03) to \$508,187 in fiscal year 2004 (FY04), while General Fund expenditures decreased from \$848,239 in FY 03 to \$532,869 in FY04. This resulted in a decrease in the Regional Office of Education #13's General Fund balance from \$874,533 in FY03 to \$105,480 in FY04.
- The decrease in General Fund revenues was attributed to a decrease in local and federal grant revenue in FY04. The decrease in expenditures was due primarily to budget restrictions. The Regional Office of Education #13 funded a portion of the current year General Fund services from the carryover fund balance in the General Fund.
- The reason for the significant decrease in the General Fund balance is the reclassification of three programs that were reported as part of the General Fund in FY 03 and are now reported as part of the Education Fund in FY 04

USING THIS ANNUAL REPORT

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

- The Regional Office of Education #13's Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #13's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Regional Office of Education #13 as a whole and present an overall view of the Regional Office of Education #13's finances.
- The governmental fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office of Education #13's operations in more detail than the government-wide statements by providing information about the most significant funds.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

USING THIS ANNUAL REPORT (Concluded)

- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- The required supplementary information further explains and supports the financial statements with a comparison of the Regional Office of Education #13's budget for the year and supplementary information also provides detailed information about the non-major funds.

REPORTING THE REGIONAL OFFICE OF EDUCATION #13 AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

- Over time, increase or decreases in the Regional Office of Education #13's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #13's overall health, additional non-financial factors, need to be considered.
- In the government-wide financial statements, the Regional Office of Education #13's activities consist of government activities only. We have no business type activities.
- *Governmental activities:* Most of the Regional Office of Education #13's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. State and federal grants, local school districts, and state aid finance most of these activities.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

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

Governmental Fund Financial Statements

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

Governmental grant funds account for most of the Regional Office of Education #13's basic services. These focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education #13's programs. Because this information does not encompass the additional long-term focus of the government-wide statements a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental statement. The Regional Office of Education #13's governmental funds include the General Fund and the Special Revenue Funds.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #13's net assets at the end of fiscal year 2004 totaled approximately \$1.68 million. This compared to approximately \$1.52 million at the end of fiscal year 2003. The analysis that follows provides a summary of the Regional Office of Education #13's net assets at June 30, 2004 for the governmental activities.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2004

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)

The following is a condensed Statement of Net Assets:

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Total</u>
	<u>Activities</u>	<u>Total</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$1,626,875	\$1,626,875
Due from other governments:		
Local	85,250	85,250
State	40,825	40,825
Federal	4,512	4,512
Noncurrent Assets:		
Capital assets, being depreciated, net	<u>52,390</u>	<u>52,390</u>
TOTAL ASSETS	<u>1,809,852</u>	<u>1,809,852</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	16,030	16,030
Due to other governments:		
State	5,468	5,468
Federal	19,502	19,502
Deferred revenue	<u>85,512</u>	<u>85,512</u>
TOTAL LIABILITIES	<u>126,512</u>	<u>126,512</u>
NET ASSETS		
Invested in capital assets, net of related debt	52,390	52,390
Unrestricted	<u>1,630,950</u>	<u>1,630,950</u>
TOTAL NET ASSETS	<u>\$1,683,340</u>	<u>\$1,683,340</u>

The Regional Office of Education #13's combined net assets increased by approximately \$162,000 from FY03. The increase was incurred primarily in the governmental funds as a result of receiving additional funds from the government. Also, the increase in unrestricted net assets was also due to the Regional Office of Education #13 using carryover funds to meet its financial obligations during the year.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS

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

The Regional Office of Education #13's governmental fund reported combined fund balances of \$1,630,950 compared with FY03's ending fund balances of \$1,521,253. The primary reason for the increase in combined fund balances in FY 04 was due to reduced expenditures to keep within budgets.

Analysis of the chart indicates that the use of carryover funds was a major factor in the increase. Some other reasons for the significant change were the reduction in staff. Two staff members that were high on our salary list left the Regional Office of Education #13 and were replaced by staff members at beginning salaries.

Governmental Fund Highlights

The Regional Office of Education #13's increasing General Fund financial position is the product of many factors, including savings in the cost of services provided to local schools. The increase in revenues was also due to utilization of carryover funds. Savings in delivery of services such as workshops were also factors.

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

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2004

FUNCTIONS/PROGRAMS	Expense	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets	
			Governmental Activities	Total
Primary government				
Instructional services:				
Salaries and benefits	\$1,589,547	\$1,379,395	\$(210,152)	\$(210,152)
Purchased services	437,457	349,483	(87,974)	(87,974)
Supplies and materials	124,049	84,742	(39,307)	(39,307)
Capital outlay	-	33,865	33,865	33,865
Other objects	34,280	22,660	(11,620)	(11,620)
Depreciation	27,922	-	(27,922)	(27,922)
Administrative:				
On-behalf payments	392,398	-	(392,398)	(392,398)
Total primary government	\$2,605,653	\$1,870,145	(735,508)	(735,508)
		General revenues:		
		Local sources	371,474	371,474
		State sources	116,747	116,747
		On-behalf payments – State	275,374	275,374
		On-behalf payments – Local	117,024	117,024
		Interest income	16,976	16,976
		Total general revenues and transfers	897,595	897,595
		Change in net assets	162,087	162,087
		Net assets – beginning	1,521,253	1,521,253
		Net assets – ending	\$1,683,340	\$1,683,340

FIDUCIARY FUND TYPE

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

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

MEASUREMENT FOCUS

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

BUDGETARY HIGHLIGHTS

The Regional Office of Education #13 Advisory Board approves an education plan. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office of Education #13 amended its annual operating budget several times to reflect additional revenue and expenditures associated with the additional services needed and provided to the local school districts. The Regional Office of Education #13 has a three-county budget for administrative purposes. Each county contributes financially to the Regional Office of Education #13 based upon the county's population. The total funds furnished by all three counties were approximately \$105,758. Another factor was the increase in state aid received in programs such as the Truant Alternative program and the Safe School program. This was due to more students enrolling or being sent to those programs by local districts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Regional Office of Education #13 does not invest in land or buildings. All other equipment remains owned by the State. Items purchased costing over \$1,000 is listed on the Regional Office of Education #13's inventory. At June 30, 2004 the Regional Office of Education #13 had an investment in capital assets of \$52,390, which is the original cost of the assets less the accumulated depreciation.

During FY04 the Regional Office of Education #13 purchased computer equipment costing \$33,865 and disposed of obsolete computer equipment with an original cost of \$60,631, which was placed in service prior to 1999.

Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The Regional Office of Education #13 has experienced an increase in the number of students being served by its programs in the past three years. A slight increase in enrollments is expected and included in the budget based on request from local school districts.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

ADDITIONAL INFORMATION

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

Management staff and financial staff continually review all aspects of the financial statements including the format of financial statements, accounting and reporting capital assets, and internal service funds. This would include a monthly analysis and cross check of balancing the various funds. The review of how to meet projected shortfalls are discussed and analyzed at these meetings. The major problem with finances is the State's inability to pay the Regional Office of Education #13 for approved grants funds.

The management team reviews all programs from short-term to long-term concerning the financial aspects of the Regional Office of Education #13. This includes reviewing projected funds and/or amending the various programs in order to ensure adequate and proper funding. Most financial receipts are ultimately received by the Regional Office of Education #13 to maintain programs. The serious problem is that these funds are often late by several months which cause fund transfers and other methods to stay financially viable. Generally speaking, the funds are received by the end of the year, but few are received as indicated in the grant programs. Our analysis also reveals that the State, at the very last minute, makes cuts in programs. An example of this is a 25 percent reduction in the level of funding for the Regional Office of Education #13 in August FY04, just before the school year started. This resulted in a reduction in staff in order to meet financial obligations. Improved financial planning could occur if the State gave general guidelines from one year to the next. For example, if we were told a particular program will receive at least 85 percent of last year's budget; this would enable the Regional Office of Education #13 to plan more effectively.

The current year results in comparison with prior years, indicates a continued reduction from last year. Although final results are not available at this point in time, preliminary indications indicate another reduction in Regional Office of Education #13 funds and probably other grant programs. Again, at this point in time, it is very difficult for proper planning to occur to increase or maintain the effectiveness of the Regional Office of Education #13 and grant programs.

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

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

BASIC FINANCIAL STATEMENTS

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current Assets:		
Cash	\$ 1,626,875	\$ 1,626,875
Due from other governments:		
Local	85,250	85,250
State	40,825	40,825
Federal	4,512	4,512
Total Current Assets	1,757,462	1,757,462
Noncurrent Assets		
Capital assets, being depreciated, net	52,390	52,390
TOTAL ASSETS	1,809,852	1,809,852
LIABILITIES		
Current Liabilities:		
Accounts payable	16,030	16,030
Due to other governments:		
State	5,468	5,468
Federal	19,502	19,502
Deferred revenue	85,512	85,512
TOTAL LIABILITIES	126,512	126,512
NET ASSETS		
Invested in capital assets	52,390	52,390
Unrestricted	1,630,950	1,630,950
TOTAL NET ASSETS	\$ 1,683,340	\$ 1,683,340

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

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Operating Grants and Contributions	Governmental Activities	Total
FUNCTIONS/PROGRAMS				
Primary government:				
Governmental activities:				
Current:				
Instructional services:				
Salaries and benefits	\$ 1,589,547	\$ 1,379,395	\$ (210,152)	\$ (210,152)
Purchased services	437,457	349,483	(87,974)	(87,974)
Supplies and materials	124,049	84,742	(39,307)	(39,307)
Capital outlay	-	33,865	33,865	33,865
Other objects	34,280	22,660	(11,620)	(11,620)
Depreciation	27,922	-	(27,922)	(27,922)
Administrative:				
On-behalf payments - Local	117,024	-	(117,024)	(117,024)
On-behalf payments - State	275,374	-	(275,374)	(275,374)
TOTAL PRIMARY GOVERNMENT	\$ 2,605,653	\$ 1,870,145	(735,508)	(735,508)
GENERAL REVENUES				
Local sources			371,474	371,474
State sources			116,747	116,747
On-behalf payments - State			275,374	275,374
On-behalf payments - Local			117,024	117,024
Interest income			16,976	16,976
Total general revenues			897,595	897,595
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING			162,087	162,087
NET ASSETS - ENDING			1,521,253	1,521,253
			\$ 1,683,340	\$ 1,683,340

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash	\$ 53,984	\$ 1,435,953	\$ 136,938	\$ -	\$ 1,626,875
Due from other funds	-	6,987	-	(6,987)	-
Due from other governments:					
Local	49,496	35,754	-	-	85,250
State	2,000	38,825	-	-	40,825
Federal	-	4,512	-	-	4,512
TOTAL ASSETS	\$ 105,480	\$ 1,522,031	\$ 136,938	\$ (6,987)	\$ 1,757,462
LIABILITIES					
Accounts payable	\$ -	\$ 16,030	\$ -	\$ -	\$ 16,030
Due to other funds	-	6,987	-	(6,987)	-
Due to other governments:					
State	-	5,468	-	-	5,468
Federal	-	19,502	-	-	19,502
Deferred revenue	-	85,512	-	-	85,512
Total Liabilities	-	133,499	-	(6,987)	126,512
FUND BALANCES					
Unreserved, reported in:					
General Fund	105,480	-	-	-	105,480
Special Revenue Fund	-	1,388,532	136,938	-	1,525,470
Total Fund Balances	105,480	1,388,532	136,938	-	1,630,950
TOTAL LIABILITIES AND FUND BALANCES	\$ 105,480	\$ 1,522,031	\$ 136,938	\$ (6,987)	\$ 1,757,462

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$ 1,630,950
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>52,390</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,683,340</u></u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUE					
Local sources	\$ 28,628	\$ 322,252	\$ 20,594	\$ -	\$ 371,474
Local sources - payments made on behalf of region	117,024	-	-	-	117,024
State sources	87,161	1,415,815	3,720	-	1,506,696
State sources - payments made on behalf of region	275,374	-	-	-	275,374
Federal sources	-	480,196	-	-	480,196
Total Revenues	<u>508,187</u>	<u>2,218,263</u>	<u>24,314</u>	<u>-</u>	<u>2,750,764</u>
EXPENDITURES					
Current:					
Salaries and benefits	91,336	1,497,254	957	-	1,589,547
Purchased services	34,632	380,837	21,988	-	437,457
Supplies and materials	3,534	116,449	4,066	-	124,049
Capital outlay	-	33,865	-	-	33,865
Other objects	10,969	22,844	467	-	34,280
On-behalf payments	392,398	-	-	-	392,398
Total Expenditures	<u>532,869</u>	<u>2,051,249</u>	<u>27,478</u>	<u>-</u>	<u>2,611,596</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(24,682)</u>	<u>167,014</u>	<u>(3,164)</u>	<u>-</u>	<u>139,168</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	13,605	24,690	-	(38,295)	-
Transfer out	-	(38,295)	-	38,295	-
Interest	735	14,643	1,598	-	16,976
Total Other Financing Sources and Uses	<u>14,340</u>	<u>1,038</u>	<u>1,598</u>	<u>-</u>	<u>16,976</u>
NET CHANGE IN FUND BALANCES	<u>(10,342)</u>	<u>168,052</u>	<u>(1,566)</u>	<u>-</u>	<u>156,144</u>
FUND BALANCES - BEGINNING	<u>115,822</u>	<u>1,220,480</u>	<u>138,504</u>	<u>-</u>	<u>1,474,806</u>
FUND BALANCES - ENDING	<u>\$ 105,480</u>	<u>\$ 1,388,532</u>	<u>\$ 136,938</u>	<u>\$ -</u>	<u>\$ 1,630,950</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 156,144

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	\$ 33,865	
Depreciation expense	<u>(27,922)</u>	<u>5,943</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 162,087

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

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2004

	Agency Fund
ASSETS	
Cash	\$ 347,686
Due from other governments	312,337
Total Assets	\$ 660,023
 LIABILITIES	
Due to other funds	\$ -
Due to other governments	660,023
Total Liabilities	\$ 660,023

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2004, the Regional Office of Education #13 implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

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

A. FINANCIAL REPORTING ENTITY

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

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

For the period ended June 30, 2004, the Regional Office of Education #13 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #13. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

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

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

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds appear as due to/due from on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated.

D. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

F. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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

GOVERNMENTAL FUNDS (Continued)

a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #13 has presented all major funds that meet the above qualifications.

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

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

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

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

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

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

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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

GOVERNMENTAL FUNDS (Continued)

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

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

Gifted Education – This program accounts for flow-through monies to participating districts.

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

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

Title II Teacher Quality – This program provides teacher workshops.

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

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

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

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

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

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

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

School to Work – These are programs for the vocational schools.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

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

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

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

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

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

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

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

FIDUCIARY FUND

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

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

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

G. NET ASSETS

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation or external restrictions by grantors, laws or regulations of other governments.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. CASH AND CASH EQUIVALENTS

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

I. INVENTORY

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

J. CAPITAL ASSETS

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

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

K. COMPENSATED ABSENCES

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

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

L. ESTIMATES

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

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

M. BUDGET INFORMATION

The Regional Office of Education #13 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however none of the annual budgets have been legally adopted. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget information has been provided in supplementary schedules for the following funds: ROE/ISC Operations, Truant Alternative/ Optional Education, Title IV Safe & Drug Free School, Even Start/Early Childhood Block Grant, Title I Reading First Part B SEA Funds, Title II Teacher Quality, Regional Safe Schools, Child and Family Connections, Kaskaskia Area Partnership Workforce Preparation, Internal Review, Title IV Community Service, Safe School Projects.

NOTE 2 – CASH

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

DEPOSITS

At June 30, 2004, the net carrying and market value of the Regional Office of Education #13's deposits was \$1,626,875 and the bank balance was \$1,741,202. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category # 1	\$ 114,552	\$ 114,552
Category # 2	1,512,323	1,626,650
Category # 3	<u>-</u>	<u>-</u>
Total	<u>\$1,626,875</u>	<u>\$1,741,202</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 2 – CASH (Concluded)

Category #1 includes deposits covered by depositing insurance or collateral held by the Regional Office of Education #13 in the Regional Office of Education #13's name.

Category #2 includes deposits covered by collateral held by the financial institutions' trust department in the Regional Office of Education #13's name.

Category #3 includes deposits which are uncollateralized or the collateral is held by the financial institutions' trust department but not in the Regional Office of Education #13's name.

NOTE 3 - DEFINED BENEFIT PENSION PLAN

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

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Regional Office of Education #13 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2003 was 11.13 percent of payroll. The Regional Office of Education #13's contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2003, was 3 years.

For December 31, 2003, the Regional Office of Education #13's annual pension cost of \$81,962 was equal to the Regional Office of Education #13's required and actual contributions. The required contribution was determined as part of the December 31, 2001 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. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

A. TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/03	81,962	100%	\$0
12/31/02	71,238	100%	0
12/31/01	71,087	100%	0
12/31/00	66,653	100%	0
12/31/99	49,354	100%	0
12/31/98	46,475	100%	0
12/31/97	29,975	100%	0
12/31/96	31,316	100%	0
12/31/95	10,633	100%	0
12/31/94	0	100%	0

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

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

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. 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 a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of the retirement plan. The member THIS Fund health insurance contribution was 0.75 percent during the year ended June 30, 2004.

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #13. For the year ended June 30, 2004, State of Illinois contributions were based on 13.98 percent of creditable earnings, and the Regional Office of Education #13 recognized revenue and expenditures of \$92,045 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2003, and June 30, 2002, the State of Illinois contribution rates as percentages of creditable earnings were 13.01 percent (\$87,066) and 12.16 percent (\$89,831), respectively.

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

- **2.2 formula contributions.** For the year ended June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2004 were \$3,819. From January 1, 2002, through June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. For the year ended June 30, 2003, employers contributed 0.18 percent of earnings. Contributions for the year ended June 30, 2003 were \$1,205. Two contribution rates were in effect during the year ended June 30, 2002. For the period January 1, 2002 through June 30, 2002, the employer's 2.2 formula contribution was 0.18 percent of earnings on paychecks dated January 1, 2002 or after. For this period contributions were \$866. For the period July 1, 2001 through December 31, 2001, the employer's 2.2 formula contribution was 0.58 percent of earnings on paychecks dated before January 1, 2002. For this period, contributions were \$1,493.
- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered from the Regional Office of Education #13, there is a statutory requirement for the Regional Office of Education #13 to pay an additional contribution that is currently 10.5 percent of salaries paid from those funds. For the year ended June 30, 2004, salaries totaling \$81,583 were paid from federal and trust funds that required employer contributions of \$8,566. For the years ended June 30, 2003, and June 30, 2002, required Regional Office of Education #13 contributions were \$2,505 and \$2,552, respectively.
- **Early Retirement Option.** The Regional Office of Education #13 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. 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, 2004, June 30, 2003 and June 30, 2002, the Regional Office of Education #13 paid no employer contributions under the Early Retirement Option.

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004

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

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for year ended June 30, 2003. The report for the year ended June 30, 2004, is expected to be available in late 2004. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at www.trs.state.il.us.

NOTE 5 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2004 consist of the following individual due to/from other funds in the governmental fund balance sheet. These balances were eliminated in the government-wide Statement of Net Assets.

<u>Due From</u>	<u>Due To</u> <u>Education Fund</u>
Education Fund	\$ 6,987
Total	<u>\$ 6,987</u>

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2004 consist of the following individual transfers in/out to other funds in the governmental fund balance sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Governmental Funds:	Governmental Funds:	
Alternative Education Project	Safe School Projects	\$ 9,749
Even Start/Early Childhood		
Block Grant	Safe School Projects	7,916
Regional Safe Schools	Safe School Tuition	7,025
ROE/ISC Operations	Alternative Education Project	<u>13,605</u>
Total Transfers In/Out		<u>\$ 38,295</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 6 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #13 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2004:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Governmental Activities:				
<u>General Fund</u>				
ROE Operations	\$ 55,613	\$ -	\$ 4,319	\$ 51,294
School Development and Improvement	87,631	-	4,855	82,776
Special Projects	13,529	-	7,329	6,200
Safe School Tuition	3,024	-	-	3,024
<u>Education Fund</u>				
Truants Alternative/Optional Education	33,846	-	-	33,846
PreKindergarten	19,448	-	-	19,448
Safe School Projects	8,649	19,433	-	28,082
Title I - School Improvement	5,608	-	-	5,608
Title II - Professional Development	2,712	-	-	2,712
Regional Safe Schools	66,460	-	47,575	18,885
Testing Cooperative	2,675	-	-	2,675
Child and Family Connections	43,234	14,432	-	57,666
Scientific Literacy	8,831	-	4,914	3,917
<u>Nonmajor Fund</u>				
Institute	6,000	-	-	6,000
General Education Development	1,701	-	828	873
Governmental Funds Total Assets	<u>\$ 358,961</u>	<u>\$ 33,865</u>	<u>\$ 69,820</u>	<u>\$ 323,006</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2004 of \$ 27,922 was charged to governmental activities. The following table provides a summary of changes in accumulated depreciation for the year ended June 30, 2004:

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 6 - CAPITAL ASSETS ACTIVITY, (Continued)

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Governmental Activities:				
<u>General Fund</u>				
ROE Operations	\$ 55,613	\$ -	\$ 4,319	\$ 51,294
School Development and Improvement	76,331	8,087	4,855	79,563
Special Projects	12,673	571	7,329	5,915
Safe School Tuition	378	756	-	1,134
<u>Education Fund</u>				
Truants Alternative/Optional Education	27,080	4,511	-	31,591
PreKindergarten	19,448	-	-	19,448
Safe School Projects	1,081	4,591	-	5,672
Title I - School Improvement	701	1,402	-	2,103
Title II - Professional Development	2,712	-	-	2,712
Regional Safe Schools	66,460	-	47,575	18,885
Testing Cooperative	2,675	-	-	2,675
Child and Family Connections	30,830	8,004	-	38,834
Scientific Literacy	8,831	-	4,914	3,917
<u>Nonmajor Fund</u>				
Institute	6,000	-	-	6,000
General Education Development	1,701	-	828	873
Governmental Funds				
Total Accumulated Depreciation	<u>\$ 312,514</u>	<u>\$ 27,922</u>	<u>\$ 69,820</u>	<u>\$ 270,616</u>

Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation. The following table provides a summary of changes in investment in fixed assets for the year ended June 30, 2004:

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 6 - CAPITAL ASSETS ACTIVITY, (Concluded)

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Governmental Activities:				
<u>General Fund</u>				
ROE Operations	\$ -	\$ -	\$ -	\$ -
School Development and Improvement	11,300	-	8,087	3,213
Special Projects	856	-	571	285
Safe School Tuition	2,646	-	756	1,890
<u>Education Fund</u>				
Truants Alternative/Optional Education	6,766	-	4,511	2,255
PreKindergarten	-	-	-	-
Safe School Projects	7,568	19,433	4,591	22,410
Title I - School Improvement	4,907	-	1,402	3,505
Title II - Professional Development	-	-	-	-
Regional Safe Schools	-	-	-	-
Testing Cooperative	-	-	-	-
Child and Family Connections	12,404	14,432	8,004	18,832
Scientific Literacy	-	-	-	-
<u>Nonmajor Fund</u>				
Institute	-	-	-	-
General Education Development	-	-	-	-
Governmental Funds				
Investment in Capital Assets	<u>\$ 46,447</u>	<u>\$ 33,865</u>	<u>\$ 27,922</u>	<u>\$ 52,390</u>

NOTE 7 - RISK MANAGEMENT

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

NOTE 8 – ON BEHALF PAYMENTS

Clinton, Marion and Washington Counties provide the Regional Office of Education #13 with staff and pay certain expenditures on behalf of the Regional Office of Education #13. The expenditures paid on the Regional Office of Education #13's behalf for the year ended June 30, 2004, were as follows:

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 8 – ON BEHALF PAYMENTS, (Concluded)

Salaries and benefits	\$ 94,151
Purchased services	20,499
Supplies and materials	1,899
Capital outlay	<u>475</u>
 Total	 <u>\$117,024</u>

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

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

Regional Superintendent Salary	\$ 84,737
Regional Superintendent Fringe Benefit (Includes State paid insurance)	10,947
Assistant Regional Superintendent Salary	76,263
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	11,382
TRS Pension contribution	<u>92,045</u>
 Total	 <u>\$275,374</u>

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

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

NOTE 9 - DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments:

Fiduciary Fund

Illinois State Board of Education	\$312,337
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Education Fund

Local Governments	85,250
Illinois State Board of Education	40,825
Federal Government	<u>4,512</u>

Total	<u>\$442,924</u>
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CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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

Due To Other Governments:

<u>Fiduciary Fund</u>	
Local School Districts	\$660,023
<u>Education Fund</u>	
Illinois State Board of Education	5,468
Federal Government	<u>19,502</u>
Total	<u>\$684,993</u>

NOTE 10 - GENERAL STATE AID

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

From State Sources:	
Alternative Education Project	\$ 112,698
From Federal Sources:	
Safe School Project	<u>94,901</u>
Total General State Aid	<u>\$ 207,599</u>

NOTE 11 - OPERATING LEASE

The Regional Office of Education #13 has entered into several annual operating lease agreements for the Alternative School, Safe School, Child and Family Connections program, and the Kaskaskia Area Partnership Workforce Preparation program within the Education Fund. Total rent expense for the year ended June 30, 2004 is \$29,335.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

The following reflects the implementation of GASB Statement No. 34 on beginning net assets:

Primary Government - Governmental Activities:	
Governmental Activities, Fund Balance - July 1, 2003	\$ 1,474,806
GASB Statement No. 34 Implementation	<u>46,447</u>
Net Assets - July 1, 2003	<u>\$ 1,521,253</u>

NOTE 13 - FUND BALANCE RESTATED

Safe School Project, Safe School Tuition and Alternative Education Project programs were reclassified from the general fund to the education fund. The related fund balances are restated as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Prior year ending balance	\$ 874,533	\$ 600,273
Effect of reclassifications	<u>(758,711)</u>	<u>758,711</u>
Current year beginning balance	<u>\$115,822</u>	<u>\$ 1,358,984</u>

REQUIRED SUPPLEMENTAL INFORMATION
(Other than Management Discussion and Analysis)

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2004

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/03	763,591	912,023	148,432	83.72%	736,403	20.16%
12/31/02	782,955	849,216	66,261	92.20%	752,245	8.81%
12/31/01	689,235	749,920	60,685	91.91%	696,931	8.71%
12/31/00	528,496	558,804	30,308	94.58%	545,446	5.56%
12/31/99	399,069	458,903	59,834	86.96%	456,138	13.12%
12/31/98	292,955	394,174	101,219	74.32%	413,112	24.50%
12/31/97	219,958	278,945	58,987	78.85%	283,832	20.78%
12/31/96	162,706	213,496	50,790	76.21%	259,451	19.58%
12/31/95	56,376	155,696	99,320	36.21%	85,133	116.66%
12/31/94	0	0	0	0.00%	0	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2003 is \$697,522.
 On a market basis, the funded ratio would be 76.48%

*** Digest of changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2003 are based on the 1999-2001 Experience Study. The principal changes were:

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2004

	ROE/ISC Operations	School Development and Improvement	Special Projects	TOTALS
ASSETS				
Cash	\$ 510	\$ 855	\$ 52,619	\$ 53,984
Due from other funds	-	-	-	-
Due from other governments:				-
Local	-	-	49,496	49,496
State	-	2,000	-	2,000
Federal	-	-	-	-
TOTAL ASSETS	<u>\$ 510</u>	<u>\$ 2,855</u>	<u>\$ 102,115</u>	<u>\$ 105,480</u>
LIABILITIES				
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES				
Unreserved	<u>510</u>	<u>2,855</u>	<u>102,115</u>	<u>105,480</u>
Total Fund Balances	<u>510</u>	<u>2,855</u>	<u>102,115</u>	<u>105,480</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 510</u>	<u>\$ 2,855</u>	<u>\$ 102,115</u>	<u>\$ 105,480</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2004

	ROE/ISC Operations	School Development and Improvement	Special Projects	TOTALS
REVENUES				
Local sources	\$ -	\$ 3,450	\$ 25,178	\$ 28,628
Local sources - payments made on behalf of region	-	-	117,024	117,024
State sources	80,161	7,000	-	87,161
State sources - payments made on behalf of region	-	-	275,374	275,374
Total Revenues	<u>80,161</u>	<u>10,450</u>	<u>417,576</u>	<u>508,187</u>
EXPENDITURES				
Current:				
Salaries and benefits	89,718	-	1,618	91,336
Purchased services	3,538	8,773	22,321	34,632
Supplies and materials	-	73	3,461	3,534
Capital outlay	-	-	-	-
Other objects	-	-	10,969	10,969
On-behalf payments	-	-	392,398	392,398
Total Expenditures	<u>93,256</u>	<u>8,846</u>	<u>430,767</u>	<u>532,869</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,095)</u>	<u>1,604</u>	<u>(13,191)</u>	<u>(24,682)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	13,605	-	-	13,605
Transfer out	-	-	-	-
Interest	-	56	679	735
Total other financing sources (uses)	<u>13,605</u>	<u>56</u>	<u>679</u>	<u>14,340</u>
NET CHANGE IN FUND BALANCES	510	1,660	(12,512)	(10,342)
FUND BALANCES - BEGINNING	<u>-</u>	<u>1,195</u>	<u>114,627</u>	<u>115,822</u>
FUND BALANCES - ENDING	<u>\$ 510</u>	<u>\$ 2,855</u>	<u>\$ 102,115</u>	<u>\$ 105,480</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2003 to June 30, 2004)
 GENERAL FUND ACCOUNTS
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 80,161	\$ 80,161	\$ 80,161
Total Revenues	<u>80,161</u>	<u>80,161</u>	<u>80,161</u>
EXPENDITURES			
Current:			
Salaries and benefits	77,236	77,236	89,718
Purchased services	2,925	2,925	3,538
Total Expenditures	<u>80,161</u>	<u>80,161</u>	<u>93,256</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	13,605
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>13,605</u>
NET CHANGE IN FUND BALANCES	-	-	510
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2004

	Truant		Title IV		Summer Bridges	Gifted Education	Even Start/ Early Childhood Block Grant	Title I Reading First Part B SEA Funds
	Administrator's Academy	Alternative/Optional Education	Safe & Drug Free School	Free School				
ASSETS								
Cash	\$ 10,443	\$ 72,278	\$ 1,983	\$ 21	\$ -	\$ -	\$ 94,140	\$ 14,403
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments:								
Local	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 10,443	\$ 72,278	\$ 1,983	\$ 21	\$ -	\$ -	\$ 94,140	\$ 14,403
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	21	-	-	-	2,772
Deferred revenue	-	6,768	-	-	-	-	51,779	11,631
Total Liabilities	-	6,768	-	21	-	-	51,779	14,403
FUND BALANCES								
Unreserved	10,443	65,510	1,983	-	-	-	42,361	-
Total Fund Balances	10,443	65,510	1,983	-	-	-	42,361	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,443	\$ 72,278	\$ 1,983	\$ 21	\$ -	\$ -	\$ 94,140	\$ 14,403

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2004

	Title II Teacher Quality	Regular Education Initiative	Substance Abuse	Regional Safe Schools	Standards Aligned Classroom	Conference	Film Cooperative	Testing Cooperative
ASSETS								
Cash	\$ 108,417	\$ 1,054	\$ 5,085	\$ 10,522	\$ 5,811	\$ 2,878	\$ 38,511	\$ 249,046
Due from other funds								
Due from other governments:								
Local	-	-	-	-	-	-	-	35,754
State	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 108,417	\$ 1,054	\$ 5,085	\$ 10,522	\$ 5,811	\$ 2,878	\$ 38,511	\$ 284,800
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,927
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	1,054	-	-	-	-	-	-
Deferred revenue	-	-	-	5,862	5,811	-	-	-
Total Liabilities	-	1,054	-	5,862	5,811	-	-	8,927
FUND BALANCES								
Unreserved	108,417	-	5,085	4,660	-	2,878	38,511	275,873
Total Fund Balances	108,417	-	5,085	4,660	-	2,878	38,511	275,873
TOTAL LIABILITIES AND FUND BALANCES	\$ 108,417	\$ 1,054	\$ 5,085	\$ 10,522	\$ 5,811	\$ 2,878	\$ 38,511	\$ 284,800

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2004

	School to Work	Staff Development	Child & Family Connections	Kaskaskia Area Partnership			Internal Review	Title IV Community Service	Mathematics and Science Partnerships
				Workforce Preparation	Partnership	Workforce Preparation			
ASSETS									
Cash	\$ -	\$ -	\$ 26,605	\$ 850	\$ 1,621	\$ 1,202	\$ -	\$ -	
Due from other funds	-	-	-	-	-	-	-	-	
Due from other governments:									
Local	-	-	-	-	-	-	-	-	
State	-	38,825	-	-	-	-	-	-	
Federal	-	-	-	-	-	-	-	352	
TOTAL ASSETS	\$ -	\$ 38,825	\$ 26,605	\$ 850	\$ 1,621	\$ 1,202	\$ -	\$ 352	
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ 7,103	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	5,376	-	-	-	-	-	352	
Due to other governments	-	-	19,502	-	1,621	-	-	-	
Deferred revenue	-	-	-	850	-	1,202	-	-	
Total Liabilities	-	5,376	26,605	850	1,621	1,202	-	352	
FUND BALANCES									
Unreserved	-	33,449	-	-	-	-	-	-	
Total Fund Balances	-	33,449	-	-	-	-	-	-	
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 38,825	\$ 26,605	\$ 850	\$ 1,621	\$ 1,202	\$ -	\$ 352	

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2004

	Education to Careers	Regional System of Support Provider			Alternative Education Project	Safe School Tuition	Safe School Projects	Total
ASSETS								
Cash	\$ 1,609	\$ -	\$ 514,029	\$ 6,987	\$ 57,817	\$ 217,628	\$ 1,435,953	6,987
Due from other funds	-	-	-	-	-	-	-	35,754
Due from other governments:								
Local	-	-	-	-	-	-	-	38,825
State	-	-	-	-	-	-	-	4,512
Federal	-	1,259	-	-	-	2,901	-	-
TOTAL ASSETS	\$ 1,609	\$ 1,259	\$ 521,016	\$ 6,987	\$ 57,817	\$ 220,529	\$ 1,522,031	
LIABILITIES								
Accounts payable	\$ -	\$ -	-	-	-	-	-	16,030
Due to other funds	-	1,259	-	-	-	-	-	6,987
Due to other governments	-	-	-	-	-	-	-	24,970
Deferred revenue	1,609	-	-	-	-	-	-	85,512
Total Liabilities	1,609	1,259	-	-	-	-	-	133,499
FUND BALANCES								
Unreserved	-	-	521,016	-	57,817	220,529	1,388,532	
Total Fund Balances	-	-	521,016	-	57,817	220,529	1,388,532	
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,609	\$ 1,259	\$ 521,016	\$ 6,987	\$ 57,817	\$ 220,529	\$ 1,522,031	

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2004

	Administrator's Academy	Truant Alternative/Optional Education	Title IV Safe & Drug Free School	Summer Bridges	Gifted Education	Even Start/ Early Childhood Block Grant	Title I Reading First Part B SEA Funds
REVENUES							
Local sources	\$ 3,547	\$ 595	\$ 6,600	\$ -	\$ -	\$ -	\$ -
State sources	1,018	154,423	-	-	22,660	497,377	-
Federal sources	-	8,240	22,650	-	-	85,000	13,807
Total Revenue	<u>4,565</u>	<u>163,258</u>	<u>29,250</u>	<u>-</u>	<u>22,660</u>	<u>582,377</u>	<u>13,807</u>
EXPENDITURES							
Current:							
Salaries and benefits	-	126,883	26,889	-	-	454,501	403
Purchased services	5,334	26,064	1,347	-	-	110,574	11,608
Supplies and materials	-	4,824	-	-	-	17,302	1,796
Capital outlay	-	-	-	-	-	-	-
Other objects	-	-	-	-	22,660	-	-
Total Expenditures	<u>5,334</u>	<u>157,771</u>	<u>28,236</u>	<u>-</u>	<u>22,660</u>	<u>582,377</u>	<u>13,807</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(769)</u>	<u>5,487</u>	<u>1,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	-	-	7,916	-
Transfer out	-	-	-	-	-	-	-
Interest	126	574	-	-	-	629	-
Total Other Financing Sources (Uses)	<u>126</u>	<u>574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,545</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(643)</u>	<u>6,061</u>	<u>1,014</u>	<u>-</u>	<u>-</u>	<u>8,545</u>	<u>-</u>
FUND BALANCES - BEGINNING	<u>11,086</u>	<u>59,449</u>	<u>969</u>	<u>-</u>	<u>-</u>	<u>33,816</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 10,443</u>	<u>\$ 65,510</u>	<u>\$ 1,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,361</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2004

	Title II Teacher Quality	Regular Education Initiative	Substance Abuse	Regional Safe Schools	Standards Aligned Classroom	Conference	Film Cooperative	Testing Cooperative
REVENUES								
Local sources	\$ 45,174	\$ -	\$ -	\$ 1,093	\$ -	\$ 9,640	\$ 4,112	\$ 153,164
State sources	-	-	-	17,948	-	-	-	-
Federal sources	289	-	-	132,365	25,405	-	-	-
Total Revenue	45,463	-	-	151,406	25,405	9,640	4,112	153,164
EXPENDITURES								
Current:								
Salaries and benefits	1,130	-	-	131,591	7,683	-	-	74,463
Purchased services	3,127	-	-	20,840	11,168	8,731	-	15,094
Supplies and materials	1,843	-	-	1,387	6,554	-	23	27,114
Capital outlay	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	121	-
Total Expenditures	6,100	-	-	153,818	25,405	8,731	144	116,671
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,363	-	-	(2,412)	-	909	3,968	36,493
OTHER FINANCING SOURCES (USES)								
Transfer in	-	-	-	7,025	-	-	-	-
Transfer out	-	-	58	47	-	33	430	3,020
Interest	-	-	58	7,072	-	33	430	3,020
Total Other Financing Sources (Uses)	-	-	58	7,072	-	33	430	3,020
NET CHANGE IN FUND BALANCES	39,363	-	58	4,660	-	942	4,398	39,513
FUND BALANCES - BEGINNING	69,054	-	5,027	-	-	1,936	34,113	236,360
FUND BALANCES - ENDING	\$ 108,417	\$ -	\$ 5,085	\$ 4,660	\$ -	\$ 2,878	\$ 38,511	\$ 275,873

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2004

	School to Work	Staff Development	Child & Family Connections	Kaskaskia Area Partnership		Internal Review	Title IV Community Service	Mathematics and Science Partnerships
				Workforce Preparation	Partnership			
REVENUES								
Local sources	\$ -	\$ 8,624	\$ 105	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	109,185	489,692	-	-	9,555	-	-
Federal sources	-	-	40,552	30,854	-	-	12,850	352
Total Revenue	-	117,809	530,349	30,854	30,854	9,555	12,850	352
EXPENDITURES								
Current:								
Salaries and benefits	-	64,180	399,650	10,815	-	5,227	5,136	289
Purchased services	-	11,864	104,591	17,833	-	4,255	1,094	63
Supplies and materials	-	18,271	12,260	2,206	-	104	6,620	-
Capital outlay	-	-	14,432	-	-	-	-	-
Other objects	39	-	-	-	-	-	-	-
Total Expenditures	39	94,315	530,933	30,854	30,854	9,586	12,850	352
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39)	23,494	(584)	-	-	(31)	-	-
OTHER FINANCING SOURCES (USES)								
Transfer in	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-
Interest	-	35	584	-	-	31	-	-
Total Other Financing Sources (Uses)	-	35	584	-	-	31	-	-
NET CHANGE IN FUND BALANCES	(39)	23,529	-	-	-	-	-	-
FUND BALANCES - BEGINNING	39	9,920	-	-	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ 33,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2004

	Education to Careers	Regional System of Support Provider	Alternative Education Project	Safe School Tuition	Safe School Projects	TOTAL
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ 86,835	\$ 2,763	\$ 322,252
State sources	-	1,259	112,698	-	-	1,415,815
Federal sources	-	1,327	-	-	106,505	480,196
Total Revenue	-	2,586	112,698	86,835	109,268	2,218,263
EXPENDITURES						
Current:						
Salaries and benefits	-	2,190	57,834	47,240	81,150	1,497,254
Purchased services	-	396	146	14,771	11,937	380,837
Supplies and materials	-	-	-	16,145	-	116,449
Capital outlay	-	-	-	-	19,433	33,865
Other objects	-	-	-	24	-	22,844
Total Expenditures	-	2,586	57,980	78,180	112,520	2,051,249
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	54,718	8,655	(3,252)	167,014
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	9,749	-	-	24,690
Transfer out	-	-	(13,605)	(7,025)	(17,665)	(38,295)
Interest	-	-	5,859	487	2,730	14,643
Total Other Financing Sources (Uses)	-	-	2,003	(6,538)	(14,935)	1,038
NET CHANGE IN FUND BALANCES	-	-	56,721	2,117	(18,187)	168,052
FUND BALANCES - BEGINNING	-	-	464,295	55,700	238,716	1,220,480
FUND BALANCES - ENDING	\$ -	\$ -	\$ 521,016	\$ 57,817	\$ 220,529	\$ 1,388,532

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2003 to June 30, 2004)
EDUCATION FUND ACCOUNTS
TRUANT ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 595
State sources	173,675	149,360	154,423
Federal sources	-	-	8,240
Total Revenues	<u>173,675</u>	<u>149,360</u>	<u>163,258</u>
EXPENDITURES			
Current:			
Salaries and benefits	136,124	120,902	126,883
Purchased services	31,193	24,500	26,064
Supplies and materials	6,358	3,958	4,824
Total Expenditures	<u>173,675</u>	<u>149,360</u>	<u>157,771</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>5,487</u>
OTHER FINANCING SOUCES (USES)			
Interest	-	-	574
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>574</u>
NET CHANGE IN FUND BALANCES			
	-	-	6,061
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>59,449</u>
FUND BALANCES - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,510</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2003 to June 30, 2004)
 EDUCATION FUND ACCOUNTS
 TITLE IV SAFE & DRUG FREE SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 6,600
Federal sources	22,650	22,650	22,650
Total Revenues	<u>22,650</u>	<u>22,650</u>	<u>29,250</u>
EXPENDITURES			
Current:			
Salaries and benefits	14,961	14,961	26,889
Purchased services	7,689	7,689	1,347
Total Expenditures	<u>22,650</u>	<u>22,650</u>	<u>28,236</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>1,014</u>
NET CHANGE IN FUND BALANCES			
	<u>-</u>	<u>-</u>	<u>1,014</u>
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>969</u>
FUND BALANCES - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,983</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2003 to June 30, 2004)
EDUCATION FUND ACCOUNTS
EVEN START/EARLY CHILDHOOD BLOCK GRANT
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 491,793	\$ 491,793	\$ 497,377
Federal sources	85,000	85,000	85,000
Total Revenues	<u>576,793</u>	<u>576,793</u>	<u>582,377</u>
EXPENDITURES			
Current:			
Salaries and benefits	437,496	437,496	454,501
Purchased services	116,897	116,897	110,574
Supplies and materials	22,400	22,400	17,302
Total Expenditures	<u>576,793</u>	<u>576,793</u>	<u>582,377</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	7,916
Interest	-	-	629
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,545</u>
NET CHANGE IN FUND BALANCES			
	-	-	8,545
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>33,816</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,361</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2003 to August 31, 2004)
EDUCATION FUND ACCOUNTS
TITLE I READING FIRST PART B SEA FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
Federal sources	\$ 24,000	\$ 29,257	\$ 13,807
Total Revenues	<u>24,000</u>	<u>29,257</u>	<u>13,807</u>
EXPENDITURES			
Current:			
Salaries and benefits	7,000	7,000	403
Purchased services	16,000	15,000	11,608
Supplies and materials	1,000	7,257	1,796
Total Expenditures	<u>24,000</u>	<u>29,257</u>	<u>13,807</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2003 to June 30, 2004)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 45,174
Federal sources	289	289	289
Total Revenues	<u>289</u>	<u>289</u>	<u>45,463</u>
EXPENDITURES			
Current:			
Salaries and benefits	-	-	1,130
Purchased services	289	289	3,127
Supplies and materials	-	-	1,843
Total Expenditures	<u>289</u>	<u>289</u>	<u>6,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>39,363</u>
NET CHANGE IN FUND BALANCES	-	-	39,363
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>69,054</u>
FUND BALANCES - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 108,417</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2003 to June 30, 2004)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 1,093
State sources	-	-	17,948
Federal sources	142,149	149,269	132,365
Total Revenues	<u>142,149</u>	<u>149,269</u>	<u>151,406</u>
EXPENDITURES			
Current:			
Salaries and benefits	120,537	126,657	131,591
Purchased services	21,612	21,612	20,840
Supplies and materials	-	1,000	1,387
Total Expenditures	<u>142,149</u>	<u>149,269</u>	<u>153,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(2,412)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	7,025
Interest	-	-	47
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7,072</u>
NET CHANGE IN FUND BALANCES	-	-	4,660
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,660</u></u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2003 to June 30, 2004)
EDUCATION FUND ACCOUNTS
CHILD AND FAMILY CONNECTIONS
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 105
State sources	-	-	489,692
Federal sources	585,332	585,332	40,552
Total Revenues	<u>585,332</u>	<u>585,332</u>	<u>530,349</u>
EXPENDITURES			
Current:			
Salaries and benefits	418,085	418,085	399,650
Purchased services	155,247	155,247	104,591
Supplies and materials	7,000	7,000	12,260
Capital outlay	5,000	5,000	14,432
Total Expenditures	<u>585,332</u>	<u>585,332</u>	<u>530,933</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(584)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	584
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>584</u>
NET CHANGE IN FUND BALANCES			
	-	-	-
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 1997 to June 30, 2004)
EDUCATION FUND ACCOUNTS
KASKASKIA AREA PARTNERSHIP WORKFORCE PREPARATION
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 1,616,408	\$ 1,616,408	\$ 30,854
Total Revenues	<u>1,616,408</u>	<u>1,616,408</u>	<u>30,854</u>
EXPENDITURES			
Current:			
Salaries and benefits	377,984	383,091	10,815
Purchased services	657,375	656,790	17,833
Supplies and materials	274,749	270,408	2,206
Capital outlay	215,032	214,932	-
Other objects	91,268	91,187	-
Total Expenditures	<u>1,616,408</u>	<u>1,616,408</u>	<u>30,854</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES			
	-	-	-
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Budget amounts are for the funding period since October 1, 1997.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2002 to August 31, 2003)
EDUCATION FUND ACCOUNTS
INTERNAL REVIEW
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 17,341	\$ 17,341	\$ 9,555
Total Revenues	<u>17,341</u>	<u>17,341</u>	<u>9,555</u>
EXPENDITURES			
Current:			
Salaries and benefits	12,000	12,000	5,227
Purchased services	5,000	5,000	4,255
Supplies and materials	341	341	104
Total Expenditures	<u>17,341</u>	<u>17,341</u>	<u>9,586</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(31)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	31
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>31</u>
NET CHANGE IN FUND BALANCES			
	-	-	-
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 21, 2003 to August 31, 2004)
EDUCATION FUND ACCOUNTS
TITLE IV COMMUNITY SERVICE
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 17,452	\$ 17,452	\$ 12,850
Total Revenues	<u>17,452</u>	<u>17,452</u>	<u>12,850</u>
EXPENDITURES			
Current:			
Salaries and benefits	7,952	7,952	5,136
Purchased services	1,500	1,500	1,094
Supplies and materials	8,000	8,000	6,620
Total Expenditures	<u>17,452</u>	<u>17,452</u>	<u>12,850</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES			
	-	-	-
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2003 to June 30, 2004)
EDUCATION FUND ACCOUNTS
SAFE SCHOOL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 2,763
State sources	-	-	-
Federal sources	11,604	11,604	106,505
Total Revenues	<u>11,604</u>	<u>11,604</u>	<u>109,268</u>
EXPENDITURES			
Current:			
Salaries and benefits	11,604	11,604	81,150
Purchased services	-	-	11,937
Capital outlay	-	-	19,433
Total Expenditures	<u>11,604</u>	<u>11,604</u>	<u>112,520</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(3,252)</u>
OTHER FINANCING SOURCES (USES)			
Transfer out	-	-	(17,665)
Interest	-	-	2,730
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(14,935)</u>
NET CHANGE IN FUND BALANCES			
	<u>-</u>	<u>-</u>	<u>(18,187)</u>
FUND BALANCES - BEGINNING			
	<u>-</u>	<u>-</u>	<u>238,716</u>
FUND BALANCES - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,529</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2004

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
ASSETS					
Cash	\$ 102,150	\$ 22,847	\$ 11,296	\$ 645	\$ 136,938
TOTAL ASSETS	<u>\$ 102,150</u>	<u>\$ 22,847</u>	<u>\$ 11,296</u>	<u>\$ 645</u>	<u>\$ 136,938</u>
FUND BALANCES					
Unreserved	\$ 102,150	\$ 22,847	\$ 11,296	\$ 645	\$ 136,938
Total Fund Balances	<u>102,150</u>	<u>22,847</u>	<u>11,296</u>	<u>645</u>	<u>136,938</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 102,150</u>	<u>\$ 22,847</u>	<u>\$ 11,296</u>	<u>\$ 645</u>	<u>\$ 136,938</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
REVENUES					
Local sources	\$ 10,364	\$ 8,610	\$ 1,620	\$ -	\$ 20,594
State sources	-	-	720	3,000	3,720
Total Revenues	<u>10,364</u>	<u>8,610</u>	<u>2,340</u>	<u>3,000</u>	<u>24,314</u>
EXPENDITURES					
Current:					
Salaries and benefits	-	-	957	-	957
Purchased services	12,988	3,889	1,651	3,460	21,988
Supplies and materials	1,141	2,414	511	-	4,066
Other objects	467	-	-	-	467
Total Expenditures	<u>14,596</u>	<u>6,303</u>	<u>3,119</u>	<u>3,460</u>	<u>27,478</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,232)</u>	<u>2,307</u>	<u>(779)</u>	<u>(460)</u>	<u>(3,164)</u>
OTHER FINANCING SOURCES (USES)					
Interest	1,185	247	143	23	1,598
Total Other Financing Sources (Uses)	<u>1,185</u>	<u>247</u>	<u>143</u>	<u>23</u>	<u>1,598</u>
NET CHANGE IN FUND BALANCES	<u>(3,047)</u>	<u>2,554</u>	<u>(636)</u>	<u>(437)</u>	<u>(1,566)</u>
FUND BALANCES - BEGINNING	<u>105,197</u>	<u>20,293</u>	<u>11,932</u>	<u>1,082</u>	<u>138,504</u>
FUND BALANCES - ENDING	<u>\$ 102,150</u>	<u>\$ 22,847</u>	<u>\$ 11,296</u>	<u>\$ 645</u>	<u>\$ 136,938</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION #13
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2004

	Balance 7/1/2003	Additions	Deductions	Balance 6/30/2004
<u>Distributive Fund</u>				
ASSETS				
Cash	\$ 156,379	\$ 65,576,870	\$ 65,385,563	\$ 347,686
Due from other governments	2,118,894	65,385,563	67,192,120	312,337
 Total Assets	 <u>\$ 2,275,273</u>	 <u>\$ 130,962,433</u>	 <u>\$ 132,577,683</u>	 <u>\$ 660,023</u>
 LIABILITIES				
Due to other funds	\$ 52,838	\$ -	\$ 52,838	\$ -
Due to other governments	2,222,435	63,823,151	65,385,563	660,023
 Total Liabilities	 <u>\$ 2,275,273</u>	 <u>\$ 63,823,151</u>	 <u>\$ 65,438,401</u>	 <u>\$ 660,023</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2004

TREASURER	General State Aid	Special Education	Vocational Education	Bilingual Ed	Gifted Education	Lunch & Milk
Perez (#1)	\$ 3,617,727	\$ 396,074	\$ -	\$ -	\$ 4,316	\$ 155,866
Bair (#3)	3,765,528	310,028	-	-	3,601	105,094
Nettemeier (#12)	1,582,198	224,694	-	-	2,288	91,322
Kohlbrecher (#14/15)	632,172	19,051	-	-	749	14,578
Kuper (#21)	819,651	22,687	-	-	868	14,240
Holtkamp (#46)	768,146	51,546	-	-	619	40,384
Toennies (#57)	656,260	26,494	-	-	639	6,648
Beckmann (#60)	845,934	62,971	-	-	913	16,028
Arentsen (#62)	363,805	19,828	-	4,828	-	11,263
Deimeke (#63)	539,350	19,276	-	-	567	13,538
Kampwerth (#71)	1,138,033	79,811	15,251	-	1,815	39,714
Holtkamp (#186)	546,744	46,479	-	-	384	35,261
Smith (#1)	1,034,056	58,806	-	-	-	44,270
Alvis (#2)	441,230	7,145	-	-	-	22,451
Hall (#7)	1,186,763	70,574	-	-	-	70,146
Phillips (#10)	801,808	62,217	-	584	833	38,270
Woolsey (#100)	706,825	44,796	-	-	-	56,226
Lloyd (#111)	3,276,930	302,861	-	221	-	212,687
Lutz (#122)	1,090,411	62,328	-	-	-	55,487
Holtkamp (#133)	1,174,791	98,910	-	-	-	65,150
Woelfel (#135)	4,963,326	489,666	-	-	4,028	448,216
Greene (#200)	3,521,810	156,727	3,379	-	1,396	44,969
Doolen (#401)	2,326,413	222,605	-	-	-	138,743
Humes (#501)	2,434,978	188,165	-	-	-	118,594
Hughes (#600)	2,722,850	133,074	-	-	2,228	62,201
Lutz (#700)	339,262	17,873	-	-	-	3,775
McClay (#1)	231,424	18,409	-	-	292	10,568
Koetting (#10)	2,055,986	97,084	-	-	2,364	37,699
Beckmeyer (#11)	392,313	18,951	-	-	399	21,194
Grzechowiak (#15)	577,651	50,270	-	-	581	39,071
Bierman (#29)	132,729	15,802	-	-	143	18,229
Snead (#49)	802,653	133,339	-	-	1,943	69,444
Brueggemann (#99)	1,419,589	76,708	8,355	-	1,755	12,650
IL Funds Interest	-	-	-	-	-	-
Reg Voca Deliv Syst	-	-	516,618	-	-	-
Totals	<u>\$ 46,909,346</u>	<u>\$ 3,605,249</u>	<u>\$ 543,603</u>	<u>\$ 5,633</u>	<u>\$ 32,721</u>	<u>\$ 2,133,976</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2004

TREASURER	Driver Education	Transportation	Reading Improvement	School Admin	Early Childhood	Title Programs
Perez (#1)	\$ 12,845	\$ 411,157	\$ 48,643	\$ 53,572	\$ 293,501	\$ 359,590
Bair (#3)	11,204	220,835	41,564	51,030	260,189	150,977
Nettemeier (#12)	-	221,830	29,512	25,737	-	138,912
Kohlbrecher (#14/15)	-	21,673	13,496	4,461	79,902	69,234
Kuper (#21)	-	55,460	9,191	6,104	-	7,380
Holtkamp (#46)	-	52,213	12,442	4,781	-	54,515
Toennies (#57)	-	28,974	6,922	13,816	-	46,677
Beckmann (#60)	-	58,242	10,672	5,891	38,798	74,300
Arentsen (#62)	-	27,105	3,892	2,327	-	10,584
Deimeke (#63)	-	22,243	8,269	3,827	-	13,890
Kampwerth (#71)	30,283	330,162	-	23,163	-	80,406
Holtkamp (#186)	-	17,253	8,581	2,738	-	47,382
Smith (#1)	-	196,743	15,279	9,662	-	112,952
Alvis (#2)	-	56,430	6,973	2,551	-	30,922
Hall (#7)	-	165,434	13,520	11,873	-	69,363
Phillips (#10)	-	104,862	10,513	5,340	-	52,967
Woolsey (#100)	3,266	236,330	14,952	11,642	-	119,981
Lloyd (#111)	-	281,660	62,670	38,433	-	413,681
Lutz (#122)	-	43,526	16,229	6,037	116,978	40,312
Holtkamp (#133)	-	41,576	17,997	6,245	-	132,431
Woelfel (#135)	-	595,973	111,768	56,571	-	729,765
Greene (#200)	32,617	164,417	-	44,848	-	317,375
Doolen (#401)	10,156	419,657	30,268	29,495	-	246,381
Humes (#501)	5,892	185,554	27,194	22,083	100,258	302,742
Hughes (#600)	23,359	176,206	-	30,009	-	192,248
Lutz (#700)	3,969	21,537	-	2,124	-	4,367
McClay (#1)	-	58,297	3,642	1,865	-	2,973
Koetting (#10)	10,291	334,474	17,391	27,441	-	72,918
Beckmeyer (#11)	-	30,247	6,525	19,942	-	176,530
Grzechowiak (#15)	-	114,777	12,838	3,738	-	77,717
Bierman (#29)	-	31,695	3,984	1,661	-	4,543
Snead (#49)	-	146,259	24,091	23,133	203,498	120,582
Brueggemann (#99)	15,801	254,801	-	24,040	-	71,014
IL Funds Interest	-	-	-	-	-	-
Reg Voca Deliv Syst	-	-	-	-	-	-
Totals	<u>\$ 159,683</u>	<u>\$ 5,127,602</u>	<u>\$ 589,018</u>	<u>\$ 576,180</u>	<u>\$ 1,093,124</u>	<u>\$ 4,345,611</u>

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2004

TREASURER	Technology	Learn & Serve America	Summer Bridges	Interest	TOTALS
Perez (#1)	\$ 6,874	\$ -	\$ -	\$ -	\$ 5,360,165
Bair (#3)	2,596	-	-	-	4,922,646
Nettemeier (#12)	2,492	-	-	-	2,318,985
Kohlbrecher (#14/15)	1,676	-	-	-	856,992
Kuper (#21)	-	-	-	-	935,581
Holtkamp (#46)	1,209	-	-	-	985,855
Toennies (#57)	188	5,505	-	-	792,123
Beckmann (#60)	1,541	462	-	-	1,115,752
Arentsen (#62)	108	-	-	-	443,740
Deimeke (#63)	479	-	-	-	621,439
Kampwerth (#71)	1,299	-	-	-	1,739,937
Holtkamp (#186)	1,332	-	-	-	706,154
Smith (#1)	1,900	-	-	-	1,473,668
Alvis (#2)	774	-	-	-	568,476
Hall (#7)	1,351	-	-	-	1,589,024
Phillips (#10)	1,113	-	-	-	1,078,507
Woolsey (#100)	2,020	-	-	-	1,196,038
Lloyd (#111)	7,865	-	-	-	4,597,008
Lutz (#122)	2,808	-	-	-	1,434,116
Holtkamp (#133)	2,607	-	-	-	1,539,707
Woelfel (#135)	16,950	-	7,500	-	7,423,763
Greene (#200)	6,073	-	-	-	4,293,611
Doolen (#401)	22,125	-	-	-	3,445,843
Humes (#501)	6,060	-	-	-	3,391,520
Hughes (#600)	146,653	-	-	-	3,488,828
Lutz (#700)	584	-	-	-	393,491
McClay (#1)	-	-	-	-	327,470
Koetting (#10)	1,071	-	-	-	2,656,719
Beckmeyer (#11)	-	-	-	-	666,101
Grzechowiak (#15)	1,856	-	-	-	878,499
Bierman (#29)	-	-	-	-	208,786
Snead (#49)	1,686	-	-	-	1,526,628
Brueggemann (#99)	1,339	-	-	-	1,886,052
IL Funds Interest	-	-	-	5,721	5,721
Reg Voca Deliv Syst	-	-	-	-	516,618
Totals	<u>\$ 244,629</u>	<u>\$ 5,967</u>	<u>\$ 7,500</u>	<u>\$ 5,721</u>	<u>\$ 65,385,563</u>

CLINTON, MARION AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/03 - 6/30/04
U.S. Dept. of Education Passed through Illinois State Board of Education:			
Regional Safe School	93.558	04-3696-00	\$ 132,365 (M)
Regional Safe School State Aid	93.558	04-3001-93	<u>94,901 (M)</u>
Total Regional Safe School			227,266
Title IV Safe and Drug Free Schools	84.184	04-4400-00	22,650
Title IV - Community Service	84.184C	04-4420-00	12,850
Ever Start	84.213C	04-4335-00	85,000
Title II Teacher Quality	84.367A	04-4932-00	289
Title I Reading First Part B SEA	84.357	04-4337-02	<u>13,807</u>
Total U.S. Dept of Education Passed through Illinois State Board of Education			<u>361,862</u>
U.S. Dept. of Education Passed through Hamilton and Jefferson Counties Regional Office of Education #25			
Mathematic and Science Partnership	84.366	04-4936-00	<u>352</u>
Total U.S. Dept. of Education Passed through Hamilton and Jefferson Counties Regional Office of Education #25			<u>352</u>
U.S. Dept. of Education Passed through Kaskaskia Special Education District			
Title IV Safe School Projects	84.186A	04-4620-00	<u>11,604</u>
Total U.S. Dept. of Education Passed through Kaskaskia Special Education District			<u>11,604</u>
U.S. Dept. of Education Passed through St. Clair County Regional Office of Education #50			
Title I School Improvement System of Support	84.010A	04-4331-SS	1,250
Title II Teacher Quality System of Support	84.367A	04-4935-SS	<u>77</u>
Total U.S. Dept. of Education Passed through St. Clair County Regional Office of Education #50			<u>1,327</u>
U.S. Dept. of Education Passed through Bond, Fayette, Effingham Counties Regional Office of Education # 3			
Standards Aligned Classroom	84.289A	04-4999-00	<u>25,405</u>
Total U.S. Dept of Education Passed through Bond, Fayette, Effingham Counties Regional Office of Education #3			<u>25,405</u>
U.S. Dept of Agriculture Passed through Illinois State Board of Education:			
National School Lunch	10.555	04-4210-00	7,624
National School Lunch	10.555	03-4210-00	<u>616</u>
Total U.S. Dept of Agriculture Passed through Illinois State Board of Education			<u>8,240</u>
U.S. Dept of Education Passed through Illinois Department of Human Services:			
Special Education Grants for Infants and Families with Disabilities	84.181	411G4749000	40,552 (M)
Social Service Block Grant (Note 4)	93.667	311G3744721	<u>1,154,474 (M)</u>
Total U.S. Dept of Education Passed through Illinois Department of Human Services			<u>1,195,026</u>
U.S. Department of Labor			
School-to- Work Urban Rural Opportunities	17.249	U-6390-7-00-88-60	<u>30,854</u>
Total U.S. Department of Labor			<u>30,854</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,634,670</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

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

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #13 provided federal awards to subrecipients as follows:

Program Title:	Regional Safe School
Federal CFDA #:	93.558
Amount provided to subrecipients:	\$ 4,000

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAM

Regional Safe School: The purpose of this program is to provide an alternative education program for students who have been repeatedly suspended, expelled, or who are eligible for such disciplinary action by their home school.

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

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

NOTE 4 - NON-CASH ASSISTANCE

The non-cash funding reported on the Schedule of Expenditures of Federal Awards represent payments made by the Illinois Department of Human Services directly to service providers on behalf of residents in the counties served by the Child and Family Connections program. The Illinois Department of Human Services requires this funding to be included on the Schedule of Expenditures of Federal Awards. However, this funding does not meet the revenue recognition criteria under generally accepted

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 4 - NON-CASH ASSISTANCE (Concluded)

accounting principles and is not included in the Regional Office of Education #13's basic financial statements.

NOTE 5 - AMOUNT OF INSURANCE

\$1,300

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

NONE