

**STATE OF ILLINOIS
SANGAMON COUNTY REGIONAL OFFICE
OF EDUCATION NO. 51**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2006**

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51

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**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
OFFICIALS**

Regional Superintendent	Ms. Helen Tolan (Current and during audit period)
Assistant Regional Superintendents	Mr. Gary Sullivan (July 16, 2005 – January 31, 2006) Mr. Charles Flamini (February 1, 2006 – June 30, 2006)

Offices are located at:
200 South Ninth Street
Room 303 County Complex
Springfield, Illinois 62701-1629

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Pages	Description
		Findings (<i>Government Auditing Standards</i>)
06-01	11-13	Controls Over Compliance with Laws and Regulations

Findings and Questioned Costs (Federal Compliance)

None.

Prior Audit Findings not Repeated (*Government Auditing Standards*)

None noted.

Prior Audit Findings not Repeated (Federal Compliance)

None noted.

EXIT CONFERENCE

The finding and recommendation appearing in this report was discussed with ROE personnel at an informal exit conference on August 11, 2006 at ROE No. 51. Attending were Helen Tolan, Regional Superintendent, and Mimi Power, Bookkeeper, from ROE No. 51, and Leslie Ruyle, Supervisor, and Katy Neubauer, Staff Accountant from Sikich LLP. Response to the recommendation was provided by Helen Tolan, Regional Superintendent, on December 27, 2006.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
FINANCIAL STATEMENT REPORT
SUMMARY**

The audit of the accompanying basic financial statements of the Sangamon County Regional Office of Education No. 51 was performed by Sikich LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Sangamon County Regional Office of Education No. 51's basic financial statements.



Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon County Regional Office of Education No. 51, as of and for the year ended June 30, 2006, which collectively comprise the Sangamon County Regional Office of Education No. 51's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education No. 51's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon County Regional Office of Education No. 51, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 16, 2006 on our consideration of the Sangamon County Regional Office of Education No. 51's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 18 through 24 and 58 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sangamon County Regional Office of Education No. 51's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The image shows a handwritten signature in black ink that reads "Sikich LLP". The signature is written in a cursive, flowing style.

Springfield, Illinois
August 16, 2006



**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon County Regional Office of Education No. 51, as of and for the year ended June 30, 2006, which collectively comprise the Sangamon County Regional Office of Education No. 51's basic financial statements and have issued our report thereon dated August 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sangamon County Regional Office of Education No. 51's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sangamon County Regional Office of Education No. 51's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-01.

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

The image shows a handwritten signature in black ink that reads "Sikich LLP". The signature is written in a cursive, flowing style.

Springfield, Illinois
August 16, 2006



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Sangamon County Regional Office of Education No. 51 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51's management. Our responsibility is to express an opinion on the Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51's compliance with those requirements.

In our opinion, the Sangamon County Regional Office of Education No. 51 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Sangamon County Regional Office of Education No. 51 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sangamon County Regional Office of Education No. 51's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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



Springfield, Illinois
August 16, 2006

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2006**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *unqualified*

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes no
 Reportable condition(s) identified that is not
 considered to be material weaknesses? yes no

Type of auditor’s report issued on compliance
 for major programs: *unqualified*

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.184	Safe and Drug-Free Schools and Communities – National Programs (Title IV – Community Service)

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

Auditee qualified as low-risk auditee? yes no

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2006**

FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations
(Repeat of prior year finding: FS 05-01)

CRITERIA/SPECIFIC REQUIREMENTS:

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

CONDITIONS:

- A. The Regional Office of Education No. 51 is not examining all books, accounts, and vouchers of every school treasurer in her educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in her region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2006**

FINDING NO. 06-01 – Continued

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

- B. The Regional Office of Education No. 51 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of her acts including a list of all the schools visited and dates of visitation.
- C. The Regional Office of Education No. 51 performs compliance inspections for each public school in her region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

EFFECT:

The Regional Office of Education No. 51 did not comply with statutory requirements.

CAUSES:

- A. The Sangamon County Regional Office of Education No. 51's management believed that their review of each school district's annual report and subsequent follow up with those school districts having audit exceptions would be adequate for compliance with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent does present an annual report to the board, but the Superintendent was unaware of the specific details required to be included in the report and the frequency of the need to report to the county board.
- C. The Regional Superintendent believed that the periodic compliance visits completed at the public schools were sufficient to satisfy the statutory requirements.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2006**

FINDING NO. 06-01 – Continued

RECOMMENDATIONS:

- A. The Regional Office of Education No. 51 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Office of Education No. 51 should comply with the requirements of 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items noted in the statute as required by 105 ILCS 5/3-14.5.

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

MANAGEMENT’S RESPONSES:

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

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2006**

INSTANCES OF NON COMPLIANCE:

None

REPORTABLE CONDITIONS:

None

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006**

Corrective Action Plan

FINDING 06-01 – Controls Over Compliance with Laws and Regulations

CONDITIONS:

- A. The Regional Office of Education No. 51 is not examining all books, accounts, and vouchers of every school treasurer in her educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in her region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

- B. The Regional Office of Education No. 51 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of her acts including a list of all the schools visited and dates of visitation.
- C. The Regional Office of Education No. 51 performs compliance inspections for each public school in her region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

PLANS:

- A. The Regional Office is seeking a legislative solution to this and other obsolete passages.
- B. The Regional Superintendent will include a list of all the schools visited with the dates of visitations to the county board in her report of all of her acts as Regional Superintendent.
- C. The Regional Office is seeking a legislative solution to this and other obsolete passages.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006**

Corrective Action Plan

FINDING 06-01 – Continued

ANTICIPATED DATES OF COMPLETION:

- A. As soon as possible.
- B. As soon as possible.
- C. As soon as possible.

CONTACT PERSON:

Helen Tolan, Regional Superintendent

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2006**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-01	Controls Over Compliance with Laws and Regulations	Repeated.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Sangamon County Regional Office of Education No. 51 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2006 activity, making comparisons of the financial position and results of operations more meaningful.

2006 FINANCIAL HIGHLIGHTS

General Fund revenues decreased from \$328,172 in fiscal year 2005 to \$304,745 in fiscal year 2006, while General Fund expenditures decreased from \$359,461 in fiscal year 2005 to \$322,679 in fiscal year 2006. The Regional Office experienced a decrease in the General Fund balance from \$156,679 in fiscal year 2005 to \$138,745 in fiscal year 2006.

The decrease in General Fund revenues is attributable to the decrease in on-behalf payments for the Assistant Regional Superintendent position.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Sangamon County Regional Office of Education No. 51 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

Reporting the Agency as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Sangamon County Regional Office of Education No. 51 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Sangamon County ROE No. 51 assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education No. 51 established other funds to control and manage money for particular purposes.

The Office has three kinds of Fund classifications:

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

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

- 2) Proprietary funds account for services for which the Regional Office of Education No. 51 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

The proprietary fund's required financial statements including a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

- 3) Fiduciary funds account for services for which the Sangamon County Regional Office of Education No.51 acts as fiscal agent for individuals and private or governmental organizations.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements are included on the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. Sangamon County Regional Office of Education No. 51's net assets at the end of fiscal year 2005 totaled approximately \$1,207,242. At the end of fiscal year 2006, the net assets were approximately \$1,103,212. The analysis that follows provides a summary of the Office's net assets at June 30, 2006 and 2005.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

**CONDENSED STATEMENT OF NET ASSETS
June 30, 2006 and 2005**

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
ASSETS						
Current assets	\$ 1,465,641	\$ 2,050,035	\$ 20,792	\$ 29,303	\$ 1,486,433	\$ 2,079,338
Capital assets, net of depreciation	<u>14,466</u>	<u>23,755</u>	<u>-</u>	<u>-</u>	<u>14,466</u>	<u>23,755</u>
TOTAL ASSETS	<u>\$ 1,480,107</u>	<u>\$ 2,073,790</u>	<u>\$ 20,792</u>	<u>\$ 29,303</u>	<u>\$ 1,500,899</u>	<u>\$ 2,103,093</u>
LIABILITIES						
Current liabilities	\$ 393,570	\$ 892,804	\$ -	\$ -	\$ 393,570	\$ 892,804
Compensated absences	<u>4,117</u>	<u>3,047</u>	<u>-</u>	<u>-</u>	<u>4,117</u>	<u>3,047</u>
TOTAL LIABILITIES	<u>397,687</u>	<u>895,851</u>	<u>-</u>	<u>-</u>	<u>397,687</u>	<u>895,851</u>
NET ASSETS						
Investments in capital assets, net of related debt	14,466	23,755	-	-	14,466	23,755
Unrestricted	886,784	980,564	20,792	29,303	907,576	1,009,867
Restricted for teacher professional development	<u>181,170</u>	<u>173,620</u>	<u>-</u>	<u>-</u>	<u>181,170</u>	<u>173,620</u>
TOTAL NET ASSETS	<u>\$ 1,082,420</u>	<u>\$ 1,177,939</u>	<u>\$ 20,792</u>	<u>\$ 29,303</u>	<u>\$ 1,103,212</u>	<u>\$ 1,207,242</u>

The Regional Office of Education's net assets decreased by \$104,030 from Fiscal Year 2005 to Fiscal Year 2006. This decrease occurred primarily in the Governmental Funds due to a decrease in grant funding for the Transition Outreach Training for Adult Living (TOTAL), the Learning Behavioral Specialist 1 (LBS1) programs, Reading First programs and the Title IV Community Service Program. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

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

**CHANGES IN NET ASSETS
For the Years Ended June 30, 2006 and 2005**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 132,780	\$ 122,020	\$ 52,912	\$59,328	\$ 185,692	\$ 181,348
Operating grants & contributions	1,933,158	1,854,131	-	-	1,933,158	1,854,131
General Revenues:						
Local sources	135,406	183,416	-	-	135,406	183,416
On-behalf payments	212,238	263,302	-	-	212,238	263,302
Investment Income	53,161	21,885	-	-	53,161	21,885
Total revenues	<u>2,466,743</u>	<u>2,444,754</u>	<u>52,912</u>	<u>59,328</u>	<u>2,519,655</u>	<u>2,504,082</u>
Expenses:						
Salaries and benefits	1,262,237	1,138,908	36,919	2,805	1,299,156	1,141,713
Purchased services	690,502	814,981	17,992	17,418	708,494	832,399
Supplies and materials	38,481	74,999	6,512	9,802	44,993	84,801
Depreciation	10,584	12,695	-	-	10,584	12,695
Capital outlay	22,238	1,849	-	-	22,238	1,849
Transfers-payments to						
Other governmental units	325,982	202,220	-	-	325,982	202,220
On-behalf payments	<u>212,238</u>	<u>263,302</u>	<u>-</u>	<u>-</u>	<u>212,238</u>	<u>263,302</u>
Total expenses	<u>2,562,262</u>	<u>2,508,954</u>	<u>61,423</u>	<u>30,025</u>	<u>2,623,685</u>	<u>2,538,979</u>
Change in net assets	<u>(95,519)</u>	<u>(64,200)</u>	<u>(8,511)</u>	<u>29,303</u>	<u>(104,030)</u>	<u>(34,897)</u>
Net Assets – beginning	<u>1,177,939</u>	<u>1,242,139</u>	<u>29,303</u>	<u>-</u>	<u>1,207,242</u>	<u>1,242,139</u>
Net Assets – ending	<u>\$ 1,082,420</u>	<u>\$ 1,177,939</u>	<u>\$ 20,792</u>	<u>\$29,303</u>	<u>\$ 1,103,212</u>	<u>\$ 1,207,242</u>

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Governmental Activities

Revenues for governmental activities were \$2,466,743 and expenses were \$2,562,262. In a difficult budget year, the Regional Office of Education No. 51 was able to use some of the carryover balances to pay for the additional services offered to and needed by local school districts.

Business-Type Activities

Revenues for the Regional Office of Education No. 51's business-type activities and expenses combined for a balance of \$20,792. Revenues decreased due to less workshops being held in fiscal year 2006.

Financial Analysis of the Regional Office of Education No. 51 Funds

As previously noted, the Regional Office of Education No. 51 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's governmental funds reported combined fund balances of \$1,072,071, below last year's ending fund balance of \$1,157,231. The primary reason for the decrease in combined fund balances in fiscal year 2006 was due to a decrease in grant funding for the Transition Outreach Training for Adult Living (TOTAL), the Learning Behavioral Specialist 1 (LBS1) programs, Reading First programs and the Title IV Community Service Program.

Governmental Fund Highlights

- In 2003, the Governor of the State of Illinois line item vetoed a portion of the state financial support for school services. This veto resulted in a 51% reduction in dollars received. This reduction in funding continued for 2005-2006.
- County support for the Regional Office of Education No. 51 grew by approximately 5% to \$285,075.
- Although many grant funds have decreased, the Regional Office of Education No. 51 was successful in obtaining continued funding for the Reading First Grants.

BUDGETARY HIGHLIGHTS

The Regional Office of Education No. 51 annually adopts budgets for several funds when required by the granting agency. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board members for their approval. The Office Operations Budget covers a fiscal year of December 1 through November 30. All grant budgets are prepared by the Regional Office of Education No. 51 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Capital Assets

Capital Assets of the Regional Office of Education No. 51 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education No. 51 maintains an inventory of capital assets which have been accumulated over time. The decrease for fiscal year 2006 was a result of further depreciation of existing assets. The Regional Office of Education No. 51's ending net asset balance for fiscal year 2006 is \$14,466 which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note No. 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- The State of Illinois Foundation level used in the calculation has increased to \$5,334 per student.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or at previous funding levels. In addition, the School Services funding levels have been reduced.
- County Board support of the Regional Office of Education No. 51 grew by approximately 5% to \$285,075 for the period of time December 1, 2005 to November 30, 2006.
- The Regional Office of Education No. 51 was successful in obtaining another Reading First Project grant for FY 2007.
- The number of students served by the Regional Office of Education No. 51 is expected to increase.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education No. 51, at 200 South 9th St., Room 303, Springfield, IL 62701.

BASIC FINANCIAL STATEMENTS

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,411,072	\$ 20,792	\$ 1,431,864
Due from other governmental units and agencies	<u>54,569</u>	<u>-</u>	<u>54,569</u>
Total current assets	1,465,641	20,792	1,486,433
NONCURRENT ASSETS			
Capital assets, net of depreciation	<u>14,466</u>	<u>-</u>	<u>14,466</u>
TOTAL ASSETS	<u>1,480,107</u>	<u>20,792</u>	<u>1,500,899</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	142,247	-	142,247
Deferred revenue	120,820	-	120,820
Due to other governmental units and agencies	130,503	-	130,503
Compensated absences	<u>4,117</u>	<u>-</u>	<u>4,117</u>
TOTAL LIABILITIES	<u>397,687</u>	<u>-</u>	<u>397,687</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,466	-	14,466
Unrestricted	886,784	20,792	907,576
Restricted for teacher professional development	<u>181,170</u>	<u>-</u>	<u>181,170</u>
TOTAL NET ASSETS	<u>\$ 1,082,420</u>	<u>\$ 20,792</u>	<u>\$ 1,103,212</u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT							
Governmental Activities:							
Instructional Services:							
Salaries and benefits	\$ 1,262,237	\$ 8,990	\$ 1,072,377	\$ (180,870)	\$ -	\$ (180,870)	
Purchased services	690,502	123,790	480,229	(86,483)	-	(86,483)	
Supplies and materials	38,481	-	36,998	(1,483)	-	(1,483)	
Depreciation	10,584	-	-	(10,584)	-	(10,584)	
Capital outlay	22,238	-	17,846	(4,392)	-	(4,392)	
Transfers - payments to other governmental units	325,982	-	325,708	(274)	-	(274)	
Administrative:							
On-behalf payments	212,238	-	-	(212,238)	-	(212,238)	
Total Governmental Activities	2,562,262	132,780	1,933,158	(496,324)	-	(496,324)	
Business-type Activities:							
Other	61,423	52,912	-	-	(8,511)	(8,511)	
Total Business-type Activities	61,423	52,912	-	-	(8,511)	(8,511)	
Total Primary Government	\$ 2,623,685	\$ 185,692	\$ 1,933,158	(496,324)	(8,511)	(504,835)	
General Revenues:							
				135,406	-	135,406	
				212,238	-	212,238	
				53,161	-	53,161	
				400,805	-	400,805	
				Change in net assets	(95,519)	(8,511)	(104,030)
				Net Assets - beginning	1,177,939	29,303	1,207,242
				Net Assets - ending	\$ 1,082,420	\$ 20,792	\$ 1,103,212

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2006

	General Fund	Education Fund	Teacher Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 141,071	\$ 1,084,329	\$ 181,170	\$ 4,502	\$ 1,411,072
Due from other governmental units and agencies	-	50,961	-	3,608	54,569
Due from other funds	-	6,216	-	-	6,216
	<u>\$ 141,071</u>	<u>\$ 1,141,506</u>	<u>\$ 181,170</u>	<u>\$ 8,110</u>	<u>\$ 1,471,857</u>
TOTAL ASSETS					
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ -	\$ 3,275	\$ -	\$ 2,941	\$ 6,216
Accounts payable	2,326	139,921	-	-	142,247
Deferred revenue	-	120,820	-	-	120,820
Due to other governmental units and agencies	-	130,503	-	-	130,503
	<u>2,326</u>	<u>394,519</u>	<u>-</u>	<u>2,941</u>	<u>399,786</u>
Total liabilities					
FUND BALANCE					
Unreserved and undesignated					
General fund	138,745	-	-	-	138,745
Special revenue funds	-	746,987	181,170	5,169	933,326
	<u>138,745</u>	<u>746,987</u>	<u>181,170</u>	<u>5,169</u>	<u>1,072,071</u>
Total fund balance					
	<u>\$ 141,071</u>	<u>\$ 1,141,506</u>	<u>\$ 181,170</u>	<u>\$ 8,110</u>	<u>\$ 1,471,857</u>
TOTAL LIABILITIES AND FUND BALANCE					

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total fund balances - governmental funds	\$ 1,072,071
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.	14,466
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(4,117)</u>
Net assets of governmental activities	<u><u>\$ 1,082,420</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2006

	General Fund	Education Fund	Teacher Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
State sources	\$ 83,757	\$ 968,369	\$ -	\$ 2,440	\$ 1,054,566
Federal sources	-	878,592	-	-	878,592
Local sources	38,619	184,420	52,146	46,162	321,347
On-behalf payments	182,369	29,869	-	-	212,238
Total revenues	<u>304,745</u>	<u>2,061,250</u>	<u>52,146</u>	<u>48,602</u>	<u>2,466,743</u>
EXPENDITURES					
Salaries and benefits	76,891	1,167,003	-	17,273	1,261,167
Purchased services	54,467	542,392	44,596	49,047	690,502
Supplies and materials	3,166	35,315	-	-	38,481
Capital outlay	5,786	17,747	-	-	23,533
Transfers - payments to other governmental units	-	325,982	-	-	325,982
On-behalf payments	182,369	29,869	-	-	212,238
Total expenditures	<u>322,679</u>	<u>2,118,308</u>	<u>44,596</u>	<u>66,320</u>	<u>2,551,903</u>
Net change in fund balances	(17,934)	(57,058)	7,550	(17,718)	(85,160)
FUND BALANCE, BEGINNING OF YEAR	<u>156,679</u>	<u>804,045</u>	<u>173,620</u>	<u>22,887</u>	<u>1,157,231</u>
FUND BALANCE, END OF YEAR	<u>\$ 138,745</u>	<u>\$ 746,987</u>	<u>\$ 181,170</u>	<u>\$ 5,169</u>	<u>\$ 1,072,071</u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

Net change in fund balances	\$ (85,160)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,295	
Depreciation expense	<u>(10,584)</u>	(9,289)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

	<u>(1,070)</u>
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Change in net assets of governmental activities	<u><u>\$ (95,519)</u></u>
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SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Business-type Activities Enterprise Funds</u>
	<u>SDC Workshop</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 20,792
Total Assets	<u>20,792</u>
Liabilities and Net Assets	
Total Liabilities	<u>-</u>
Net Assets	
Unrestricted	<u><u>\$ 20,792</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2006

	<u>Business-type Activities Enterprise Funds</u>
	<u>SDC Workshop</u>
Operating Revenues	
Local sources	<u>\$ 52,912</u>
Operating Expenses	
Salaries and benefits	36,919
Purchased services	17,992
Supplies and materials	6,512
Total operating expenses	<u>61,423</u>
Change in Net Assets	(8,511)
Net Assets, Beginning of year	<u>29,303</u>
Net Assets, End of year	<u><u>\$ 20,792</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2006

	Business-type Activities <u>Enterprise Funds</u> <u>SDC Workshop</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 52,912
Payments to suppliers and providers of goods and services	(24,504)
Payments to employees	(36,919)
Net cash used for operating activities	<u>(8,511)</u>
Net decrease in cash and cash equivalents	(8,511)
Cash and cash equivalents - Beginning of year	<u>29,303</u>
Cash and cash equivalents - End of year	<u>\$ 20,792</u>
Reconciliation of operating income to net cash from operating activities:	
Operating loss	<u>\$ (8,511)</u>
Net cash used for operating activities	<u><u>\$ (8,511)</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2006

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 107,692
Due from other governmental units and agencies	30,540
TOTAL ASSETS	\$ 138,232
 LIABILITIES	
Due to other governmental units and agencies	\$ 138,232
TOTAL LIABILITIES	\$ 138,232

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Sangamon County Regional Office of Education No. 51 (ROE) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

Reporting Entity

The ROE operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The ROE encompasses Sangamon County, Illinois. The Regional Superintendent of Schools (Superintendent) serves as chief administrative officer of the ROE and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105. The principal financial duty of the Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The Regional Superintendent is charged with the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other 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 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 school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 51 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 that 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 funds. 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.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

For the period ended June 30, 2006, the Regional Office of Education No. 51 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 No. 51. Such activities are reported as a single major special revenue fund (Education Fund).

The ROE's financial statements include all funds of the ROE.

These are the only activities considered to be part of (controlled by or dependent on) the ROE, as determined by the application of the criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will, and potential for financial benefit or burden.

The ROE has determined no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the ROE's financial statements.

Furthermore, the ROE does not consider itself to be a component unit of any other entity.

Government-wide and Fund Financial Statements

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The ROE reports the following major governmental funds:

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

Local – These funds are generated through fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators. These funds are used to assist in providing for the needs of the Staff Development Center not funded through State or county dollars.

ROE/ISC Operations – These funds are provided by ISBE, through a budget application process, to Regional Offices to provide staff development to district schools and teachers. The Staff Development Center offers Administrator Academy activities, School Improvement initiatives, and staff development opportunities in the areas of reading, math, science and technology. Monies are used for overhead costs and salaries of employees at the Staff Development Center.

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

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NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Regional Safe School – These funds provide programs for disruptive students who are eligible for suspension or expulsion. The programs provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Title V – Innovative Program – This program supports local education reform efforts that are consistent with and sustain statewide reform efforts; implement promising education reform programs, provide for innovative and educational improvement and assist in meeting the needs of at-risk and high-cost students.

Transition Outreach Training for Adult Living (TOTAL) Program – This initiative provides training and technical assistance to individuals who work with secondary-age students who receive special education services.

School Directory – The funds provide a directory that is published annually and distributed to all Sangamon County Schools. The directory includes employee listing, enrollment and demographic information for all Sangamon County Schools, public and private.

Administrative Discretionary – These funds are generated through fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators. These funds are used to assist in providing for the needs of the Office not funded through State or county dollars. One way that this fund has been most important to the ROE is in providing for the technology needs of the Office.

Sangamon County Truants Alternative Optional Education Program (TAOEP) – This program is devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of the student in the pursuit of their educational development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.

Illinois Student Exchange – This exchange program is run by the Illinois State Board of Education. It sends American students to Japan and brings Japanese students to our country. The ROE serves as administrative agent for this program.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Title I Reading First Part B SEA Funds – This program is designed to plan and implement Reading First Academies and provide professional development for teachers in schools that are participating in the Reading First program.

McKinney Education for Homeless Children – This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.

Area III Homeless Liaison Project – The Homeless Education Liaison helps assist Sangamon County families overcoming barriers as well as achieving their rights by ensuring immediate school enrollment, promoting regular school attendance, and transportation.

Standards Aligned Classroom (SAC) – The Standards Aligned Classroom initiative helps educators rethink the relationship between assessment and effective schools. It centers on how we assess student achievement, and how we use assessment in the service of student success. Six teams from Sangamon County participated in the SAC initiative. Team meetings were held to help teachers align their curriculum with the Illinois Learning Standards and develop appropriate assessment using the Stiggins book and resources.

Certificate Renewal – This grant was provided by the Illinois State Board of Education to assist local professional development committees in fulfilling their responsibilities.

Illinois Department of Public Health (IDPH) Dental Sealant – This Illinois Department of Public Health grant provides funding to assist in providing a tooth sealant program for low income students in Sangamon County.

Background Checks – The ROE provides background checks/fingerprinting to all schools in Sangamon County for new hires. The schools send requests to the ROE, who forwards background check information to the Illinois State Police database. The fee for the background check and/or fingerprinting are paid by each school district.

Early School Leaver Conference – These monies are provided by the Illinois State Board of Education to hold workshops for individuals involved in programs for students who leave the traditional school program before graduation.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Early Childhood – This program provides workshops to assist teachers working in the area of early childhood development.

Title IV – Safe and Drug Free Sch – Formula – These funds are used to develop, implement, and evaluate comprehensive programs and activities, which are coordinated with other school and community based services and programs. The funds are utilized to address consequences of violence and the illegal use of drugs, and to promote individual responsibility. The programs include teaching students to recognize social and peer pressure to use illegal drugs and the skills for resisting illegal drug use.

State and Federal School Breakfast and Lunch – This program is designed to provide breakfast and lunch at free or reduced prices to eligible students, as determined in accordance with federal and state guidelines, as a healthy start to the school day to enhance the student’s learning abilities. All meals provided must meet U.S. Department of Agriculture requirements for servings and nutrition.

System of Support – Grant monies are used to provide professional development activities to schools that are on Illinois’ Academic Watch List. To be on the list, students in the buildings have made Adequate Yearly Progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.

Sangamon County Learning Academy (SCLA) Lunch – These funds were donated to purchase lunches for students at the Sangamon County Learning Academy on days when lunches were not provided or for students in need.

Learning Behavior Specialist 1 (LBS1) – The LBS1 Training Sequence is designed to prepare special education teachers with LBS 1/Limited certificates or approvals to teach all students encompassed by the LBS1. It is approved to 60 Continuing Professional Development Units and involves a series of five strands designed around a learning model that represents at least 60 hours of learning activities divided between classroom instruction and self-study application activities. Completion of the full training sequence delivered by an ISBE-trained presenter will result in the removal of limitations from an LBS1 certificate or approval.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

State & Community Highway Safety – Local Alcohol Prevention (LAP) – The goal of the Local Alcohol Prevention program is to increase public awareness activities and educational opportunities for students as well as residents of Sangamon County. Students of the 18 public and private Sangamon County High Schools become the decision makers and plan the activities for Youth Empowerment, Prevention Day and Middle School Positive Choices. These representatives are chosen by their schools to represent them at the committee meetings held monthly. This grant provides the ROE the opportunity to educate the community, students, and staff of Sangamon County on the perceptions and attitudes toward drinking and driving.

Learn & Serve America – These funds were awarded to support service-learning programs specifically for at-risk populations of suspended or expelled students participating in the Regional Safe Schools Program.

Title II – Teacher Quality – This program provides professional development activities that improve the knowledge of teachers, principals and paraprofessionals in effective instructional practices. It also provides training in how to teach and address the needs of students with different learning styles.

Title IV – Community Service – The grant partners students with community service projects to enhance learning through service work. This project allowed students from Sangamon County Regional Safe Schools Program to work with the Southeast Branch of Lincoln Library to help enhance their Children’s Reading Room. Funds provided Safe School counseling, supervision, supplies and materials for the project.

Athletes & Asthma Project – These funds are used for a workshop that features information on understanding the causes of asthma, what triggers it, as well as asthma symptoms and medications. The use of asthma action plans is explored to assist PE teachers and coaches with recognizing and responding to asthma attacks.

Teacher Institute Fund - The Teacher Institute Fund accounts for teacher registration fees. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the ROE reports the following fund types:

Governmental

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

General Education Development (GED) Certificate Fund – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given at Lanphier High School once a month. Testing fees provide for testing materials and staff salaries.

Bus Driver Training Fund – Experienced drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the ROE.

Supervisory Expenses Fund – This fund was developed by the General Assembly to help support the day-to-day activities of the regional superintendent.

General Education Development (GED) Holistic Scoring Fund – The ROE provides scoring services for the written essay portion of the GED tests.

Proprietary

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

SDC Workshop Fund – This fund is an enterprise fund established to track revenues received and expenses incurred in offering professional development workshops for teachers and administrators in Sangamon County.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary

Fiduciary Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. The Agency Funds are used to account for assets held by the ROE as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. The ROE's Agency Funds include the following:

Distributive Fund – The Distributive account is an accounting method used to track the flow-through of monies from the Illinois State Board of Education to recipient Sangamon County schools.

Illinois Education and Technology Conference Fund – The ROE acts as the fiscal agent for this annual conference, which provides an opportunity to discover how educators can be an active part of the information revolution. Funding is derived from registration fees, vendor fees and sponsorship fees.

Cook County General Education Development (GED) Fund – The ROE acts as the fiscal agent for the General Education Development testing program for the Cook County area. The ROE maintains an office and support staff in the Cook County area.

Sangamon County Learning Academy Fund – This is a self-supporting account that provides services for students at the Sangamon County Learning Academy. Funds are derived from lunch money and registration fees.

Sangamon County Schoolmasters Fund – The Schoolmasters is an organization of all Sangamon County superintendents and school directors. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Director's Conference – The Regional Office of Education acts as the fiscal agent for the annual Superintendents Conference hosted by the Illinois State Board of Education.

University of Illinois at Springfield (UIS) Roundtable Fund – The ROE acts as the treasurer for the UIS Roundtable. This organization of Sangamon County school administrators meets quarterly to discuss administrative issues. Membership fees provide food and workshop materials.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents

Cash consists of demand deposits. Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. Cash equivalents consist of repurchase agreements.

Investments

Investments are stated at fair value using quoted market prices at June 30, 2006.

Due From Other Governmental Units and Agencies

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

Capital Assets

Capital assets, which include furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The ROE records all capital items, which are individually greater than \$1,000, with a useful life of greater than one year, as fixed assets.

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

Depreciation of the furniture and equipment is computed using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture and equipment	5

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

Sick pay may be accumulated but does not vest with the employee. Vacation days are calculated on a twelve-month basis and a maximum of five unused vacation days may be carried over to the next year. A liability in the governmental funds is reported only if the benefit has matured.

Fund Equity

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

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

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

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

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

Use of Estimates in Preparing Financial Statements

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

New Accounting Pronouncements

The GASB has issued the following pronouncements effective for the ROE's fiscal year ending June 30, 2006:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes accounting and reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, which amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guides the preparation of statistical sections.

GASB Statement No. 46, *Net Assets Restricted by Legislation – an amendment of GASB Statement No. 34*, which improves the understandability and comparability of net asset information by making the assessment of legal enforceability more uniform across governments.

GASB Statement No. 47, *Accounting for Termination Benefits*, which improves financial reporting by: a) adopting for all voluntary termination benefits recognition requirements similar to those in NCGA Interpretation 8, b) establishing guidance applicable to involuntary termination benefits that require governments, in financial statements prepared on the accrual basis of accounting, to account for the effects of termination benefits in the period in which the employer becomes obligated to provide benefits to terminated employees, and c) elaborating on measurement issues associated with all forms of termination benefits, is effective in two parts. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 2 – DEPOSITS AND INVESTMENTS

Bank Deposits

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

At June 30, 2006, the government-wide and agency fund's carrying amounts of the ROE's various bank deposits totaled \$1,431,864 and \$107,692, respectively. The bank balances totaled \$1,634,136. Included in the bank balance is \$1,603,725 deposited in repurchase agreements and \$7,386 invested in the Illinois Funds, leaving \$23,025 secured by federal depository insurance.

Custodial Credit Risk - Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the ROE investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the ROE.

Investments

The ROE's investment policy requires that funds should be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. As noted above, the ROE had investments of \$1,603,725 deposited in repurchase agreements and \$7,386 invested in the Illinois Funds.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the ROE will not be able to recover the value of its investments that are in possession of an outside party. However, the securities underlying the repurchase agreements noted above at June 30, 2006 were backed by the U.S. Treasury.

Interest Rate Risk - The ROE's investment policy requires funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 3 – CAPITAL ASSETS

Governmental Activities

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

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Equipment	\$149,783	\$ 1,295	\$ 4,216	\$ 146,862
Less accumulated depreciation for: Equipment	<u>126,028</u>	<u>10,584</u>	<u>4,216</u>	<u>132,396</u>
Total capital assets, net of accumulated depreciation	<u>\$ 23,755</u>	<u>\$ (9,289)</u>	<u>\$ -</u>	<u>\$ 14,466</u>

Depreciation was charged to Instructional Services.

NOTE 4 - LONG-TERM DEBT

The ROE records a liability associated with compensated absences. During the fiscal year, the amount in this account increased by \$1,070. At June 30, 2006, the balance in this account was \$4,117.

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Compensated absences	<u>\$ 3,047</u>	<u>\$ 1,070</u>	<u>\$ -</u>	<u>\$ 4,117</u>

NOTE 5 - RETIREMENT PLANS

All certified personnel participate in the Teachers' Retirement System of the State of Illinois ("TRS"). All other employees who meet or exceed prescribed annual hourly standards are enrolled in the Illinois Municipal Retirement Fund ("IMRF").

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 5 - RETIREMENT PLANS (CONTINUED)

TRS Plan Description

The ROE participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

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

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

- On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$41,004 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$64,556) and 13.98 percent (\$68,249), respectively.

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

- 2.2 formula contributions. Employers contribute .58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$2,454. Contributions for the years ending June 30, 2005 and June 30, 2004 were \$2,208 and \$1,878, respectively.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 5 - RETIREMENT PLANS (CONTINUED)

TRS Plan Description (Continued)

- Federal and trust fund contributions. When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees from federal funds and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$135,155 were paid from federal and trust funds that required employer contributions of \$9,542. For the years ended June 30, 2005 and June 30, 2004, required ROE contributions were \$6,346 and \$6,346, respectively.

- Early Retirement Option. The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2006, the ROE paid \$44,870 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the ROE paid no amounts in employer ERO contributions.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 5 - RETIREMENT PLANS (CONTINUED)

TRS Plan Description (Continued)

New Employer Contributions

- Salary increases over 6 percent – If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in the actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.
- Sick leave in excess of normal allotment – If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of pay during the year ended June 30, 2006).

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2005. The report for the year ended June 30, 2006 is expected to be available in late 2006. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at www.trs.state.il.us.

Illinois Municipal Retirement Fund - TAOEP

The Truants Alternative & Optional Education Program (TAOEP) is an account of the Education fund of the Sangamon County Regional Office of Education. TAOEP’s defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF) provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 5 - RETIREMENT PLANS (CONTINUED)

Illinois Municipal Retirement Fund – TAOEP (Continued)

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. TAOEP is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 7.62 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, TAOEP's annual pension cost of \$37,461 was equal to TAOEP's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

Trend Information – IMRF

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 37,461	100%	\$0
12/31/04	38,547	100	0
12/31/03	35,679	100	0

Digest of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 experience study.

The principal changes were:

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 6 - ON-BEHALF PAYMENTS

ROE personnel are paid by Sangamon County, Illinois, in accordance with statutes. Employees of programs funded by federal and state grants are paid by the grant funds. Some fixed assets used solely by the ROE are purchased by Sangamon County. Ownership of those fixed assets remains with Sangamon County and, accordingly, the cost of these assets is not included in the ROE's financial statements.

The salaries, benefits, and TRS contributions of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The amounts paid by the State of Illinois are as follows:

Regional Superintendent salary	\$	88,540
Regional Superintendent benefits (Includes State paid insurance)		12,520
Assistant Regional Superintendent salary		69,171
Assistant Regional Superintendent benefits (Includes State paid insurance)		<u>1,003</u>
Total	\$	<u><u>171,234</u></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 awards are included in the financial statements of the General Fund as on-behalf payments. In addition to the \$171,234 above, on-behalf payments include \$41,004 for TRS contributions (which includes \$29,869 in the Education Fund) for other employees for a total of \$212,238 for the year ended June 30, 2006.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

Funds periodically borrow from other funds to cover temporary cash shortages. These loans are usually paid in full within a few months. No interest is charged on the loans outstanding. Following is a summary of the outstanding amounts due from (to) other funds as of June 30, 2006:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Education Fund	\$ 6,216	\$ 3,275
General Education Development Holistic Scoring	<u>-</u>	<u>2,941</u>
Total	<u><u>\$ 6,216</u></u>	<u><u>\$ 6,216</u></u>

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 8 - DUE TO/FROM OTHER GOVERNMENTAL UNITS AND AGENCIES

The Sangamon County Regional Office of Education No. 51's General Fund, Agency 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

Education Fund:

Illinois State Board of Education	\$ 1,613
Cook County General Education Development	16,507
Conference refunds	475
GED Scoring (various ROEs)	3,340
Regional Office of Education No. 48	26,612
Illinois Department of Public Health	684
Illinois Department of Transportation	<u>1,730</u>
Total Education Fund	<u>50,961</u>

Non-Major Special Revenue Funds:

GED scoring vendors (various)	<u>3,608</u>
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Agency Funds:

Illinois Community College Board	<u>30,540</u>
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Total	<u>\$ 85,109</u>
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Due To Other Governments:

Education Fund:

Illinois State Board of Education	<u>\$ 130,503</u>
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Agency Funds:

Illinois Education and Technology Conference	70,853
Cook County General Education Development	30,540
Sangamon County Learning Academy	15,017
Sangamon County Schoolmasters	4,704
Director's Conference	10,613
University of Illinois at Springfield Roundtable	<u>6,505</u>
Total Agency Funds	<u>138,232</u>

Total	<u>\$ 268,735</u>
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SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 9 - RISK MANAGEMENT

The ROE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance to cover these risks is provided through Sangamon County. Claims from these risks have not exceeded commercial insurance coverage during the current fiscal year and the previous two fiscal years.

NOTE 10 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

A. The following funds had a deficit fund balance at June 30, 2006:

<u>Fund</u>	<u>Amount</u>
General Fund:	
ROE/ISC Operations	\$ 26
Education Fund:	
Transition Outreach Training for Adult Living Program	1,200
School Directory	533
Area III Homeless Liaison Project	866
State and Community Highway Safety	4

NOTE 11 - LEASE OBLIGATIONS

The ROE leases classroom, office, and laboratory space from the Capital Area Career Center. The ROE leases the space according to four separate lease agreements with 10,268 square feet leased at \$7.00 per square foot for the first year and \$7.25 per square foot for the second year, 3,460 square feet leased at \$7.00 per square foot, 8,433 square feet leased at \$7.00 per square foot, and 1,835 square feet leased at \$7.00 per square foot. The leases all expire on June 30, 2006. Additionally, the ROE leases office space in Evanston for \$1,900 per month during fiscal year 2006 and \$1,961 per month during fiscal year 2007. Rent expense for the year ended June 30, 2006 was \$193,339. The ROE also leases a copier over a 60-month term ending June, 2007, and a phone system over a 48-month term ending August, 2007. Total equipment lease expense for the year ended June 30, 2006 was \$4,664. The remaining future minimum lease payments are:

<u>Year ended</u> <u>June 30,</u>	
2007	\$ 28,200
2008	<u>279</u>
Total	<u>\$ 28,479</u>

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 12 - BUDGETS

The following accounts prepare budgets:

ROE/ISC Operations	Title I Reading First
Regional Safe School	Area III Homeless Liaison Project
Transition Outreach Training for Adult Living Program	System of Support
Sangamon County Truants	State & Community Highway Safety
Alternative Optional Education Program	Learn & Serve America
	Title IV- Community Service

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

Budgets for the other funds of the ROE are not legally required and have not been prepared. Accordingly, no actual to budget comparison is included in the basic financial statements. The actual to budget comparisons are prepared on the modified accrual basis of accounting. The ROE is required to report, in its financial statements, payments made by the State of Illinois to the Teachers' Retirement System. These "on-behalf" payments of \$6,422, \$13,906, \$5,084 and \$4,457, which were not required to be budgeted, are recorded in the Regional Safe Schools, Sangamon County Truants Alternative and Optional Education Program Fund, Title I – Reading First and System of Support, respectively. These payments were recorded as both revenues and expenditures in accordance with GASB Statement No. 24.

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2006

(Unaudited - See Accompanying Independent Auditor's Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry (b)	IMRF		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			<u>TAOEP</u>	Unfunded AAL (UAAL) (b-a)		
12/31/2005	\$ 352,244	\$ 408,497	\$ 56,253	86.23%	\$ 491,611	11.44%
12/31/2004	278,200	333,691	55,491	83.37%	469,519	11.82%
12/31/2003	218,192	206,061	(12,131)	105.89%	292,930	(4.14%)
12/31/2002	173,058	180,296	7,238	95.99%	334,230	2.17%
12/31/2001	162,527	150,949	(11,578)	107.67%	299,790	(3.86%)
12/31/2000	142,208	99,993	(42,215)	142.22%	136,787	(30.86%)

On a market basis, the actuarial value of assets as of December 31, 2005 is \$355,183. On a market basis, the funded ratio would be 86.95%.

SUPPLEMENTAL INFORMATION

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51

**GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2006**

	<u>Local</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 140,528</u>	<u>\$ 543</u>	<u>\$ 141,071</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 1,757	\$ 569	\$ 2,326
FUND BALANCE			
Fund balance - unreserved	<u>138,771</u>	<u>(26)</u>	<u>138,745</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 140,528</u>	<u>\$ 543</u>	<u>\$ 141,071</u>

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51

**GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2006**

	<u>Local</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
REVENUES			
State sources	\$ -	\$ 83,757	\$ 83,757
Local sources	38,619	-	38,619
On-behalf payments from State	<u>182,369</u>	<u>-</u>	<u>182,369</u>
 Total revenues	 <u>220,988</u>	 <u>83,757</u>	 <u>304,745</u>
 EXPENDITURES			
Salaries and benefits	31,643	45,248	76,891
Purchased services	18,296	36,171	54,467
Supplies and materials	801	2,365	3,166
Capital outlay	5,786	-	5,786
On-behalf payments made to State	<u>182,369</u>	<u>-</u>	<u>182,369</u>
 Total expenditures	 <u>238,895</u>	 <u>83,784</u>	 <u>322,679</u>
 Net change in fund balances	 (17,907)	 (27)	 (17,934)
 FUND BALANCE, BEGINNING OF YEAR	 <u>156,678</u>	 <u>1</u>	 <u>156,679</u>
 FUND BALANCE, END OF YEAR	 <u><u>\$ 138,771</u></u>	 <u><u>\$ (26)</u></u>	 <u><u>\$ 138,745</u></u>

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
ROE/ISC OPERATIONS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 83,757	\$ 83,757	\$ 83,757	\$ -
Total revenues	<u>83,757</u>	<u>83,757</u>	<u>83,757</u>	<u>-</u>
 EXPENDITURES				
Salaries and benefits	44,308	44,308	45,248	(940)
Purchased services	38,950	37,950	36,171	1,779
Supplies and materials	<u>499</u>	<u>1,499</u>	<u>2,365</u>	<u>(866)</u>
Total expenditures	<u>83,757</u>	<u>83,757</u>	<u>83,784</u>	<u>(27)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(27)	<u>\$ (27)</u>
 FUND BALANCE, BEGINNING OF YEAR			<u>1</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (26)</u>	

See accompanying Independent Auditor's Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2006**

ASSETS	Regional Safe School	Title V - Innovative Program	Transition Outreach Training for Adult Living Program	School Directory	Administrative Discretionary	Sangamon County Truants Alternative Education Program	Illinois Student Exchange	Title I Reading First Part B SEA	McKinney Education for Homeless Children	Area III Homeless Liaison Project
ASSETS										
Cash and cash equivalents	\$ 538,687	\$ 179	\$ 41,806	\$ -	\$ 168,827	\$ 134,486	\$ 7,258	\$ 44,044	\$ 300	\$ -
Due from other governmental units and agencies	16,507	-	475	-	3,340	-	-	28,225	-	-
Due from other funds	6,216	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 561,410</u>	<u>\$ 179</u>	<u>\$ 42,281</u>	<u>\$ -</u>	<u>\$ 172,167</u>	<u>\$ 134,486</u>	<u>\$ 7,258</u>	<u>\$ 72,269</u>	<u>\$ 300</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ -	\$ 533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 802
Accounts payable	76,513	-	754	-	44	56,962	-	256	-	64
Deferred revenues	995	-	-	-	-	-	-	28,078	-	-
Due to other governmental units and agencies	-	161	42,727	-	-	-	-	43,825	-	-
Total liabilities	<u>77,508</u>	<u>161</u>	<u>43,481</u>	<u>533</u>	<u>44</u>	<u>56,962</u>	<u>-</u>	<u>72,159</u>	<u>-</u>	<u>866</u>
FUND BALANCE (DEFICIT)										
Fund balance (deficit) - unreserved	483,902	18	(1,200)	(533)	172,123	77,524	7,258	110	300	(866)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 561,410</u>	<u>\$ 179</u>	<u>\$ 42,281</u>	<u>\$ -</u>	<u>\$ 172,167</u>	<u>\$ 134,486</u>	<u>\$ 7,258</u>	<u>\$ 72,269</u>	<u>\$ 300</u>	<u>\$ -</u>

(Continued)

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2006

ASSETS	Standard Aligned Classroom	Certificate Renewal	Illinois Department of Public Health Dental Sealant	Background Checks	Early School Leaver Conference	Early Childhood	Title IV - Safe & Drug Free Sch - Formula	State & Federal School Breakfast & Lunch	System of Support	Sangamon County Learning Academy Lunch
ASSETS										
Cash and cash equivalents	\$ 18,611	\$ 303	\$ -	\$ 1,592	\$ 1,414	\$ 4,000	\$ 157	\$ 1,359	\$ 59,126	\$ 23
Due from other governmental units and agencies	-	-	684	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 18,611</u>	<u>\$ 303</u>	<u>\$ 684</u>	<u>\$ 1,592</u>	<u>\$ 1,414</u>	<u>\$ 4,000</u>	<u>\$ 157</u>	<u>\$ 1,359</u>	<u>\$ 59,126</u>	<u>\$ 23</u>
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ 206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	46	-	478	-	-	-	-	164	4,640	-
Deferred revenues	18,565	-	-	-	-	-	-	192	53,770	-
Due to other governmental units and agencies	-	-	-	-	-	-	157	-	697	-
Total liabilities	<u>18,611</u>	<u>-</u>	<u>684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>356</u>	<u>59,107</u>	<u>-</u>
FUND BALANCE (DEFICIT)										
Fund balance (deficit) - unreserved	-	303	-	1,592	1,414	4,000	-	1,003	19	23
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 18,611</u>	<u>\$ 303</u>	<u>\$ 684</u>	<u>\$ 1,592</u>	<u>\$ 1,414</u>	<u>\$ 4,000</u>	<u>\$ 157</u>	<u>\$ 1,359</u>	<u>\$ 59,126</u>	<u>\$ 23</u>

(Continued)

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2006

ASSETS	Learning Behavior Specialist 1	State & Community Highway Safety - Local Alcohol Prevention (LAP)	Learn & Serve America	Title II- Teacher Quality	Title IV- Community Service	Athletes & Asthma Project	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 19,398	\$ 566	\$ 42,193	\$ -	\$ 1,084,329
Due from other governmental units and agencies	-	1,730	-	-	-	-	50,961
Due from other funds	-	-	-	-	-	-	6,216
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,730</u>	<u>\$ 19,398</u>	<u>\$ 566</u>	<u>\$ 42,193</u>	<u>\$ -</u>	<u>\$ 1,141,506</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Due to other funds	\$ -	\$ 1,734	\$ -	\$ -	\$ -	\$ -	\$ 3,275
Accounts payable	-	-	-	-	-	-	139,921
Deferred revenues	-	-	19,220	-	-	-	120,820
Due to other governmental units and agencies	-	-	177	566	42,193	-	130,503
Total liabilities	-	1,734	19,397	566	42,193	-	394,519
FUND BALANCE (DEFICIT)							
Fund balance (deficit) - unreserved	-	(4)	1	-	-	-	746,987
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 1,730</u>	<u>\$ 19,398</u>	<u>\$ 566</u>	<u>\$ 42,193</u>	<u>\$ -</u>	<u>\$ 1,141,506</u>

(Concluded)

See accompanying Independent Auditor's Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2006**

	Regional Safe School	Title V - Innovative Program	Transition Outreach Training for Adult Living Program	School Directory	Administrative Discretionary	Sangamon County Truants Alternative Optional Education Program	Illinois Student Exchange	Title I Reading First Part B SEA	McKinney Education for Homeless Children
REVENUES									
State sources	\$ 451,153	\$ -	\$ -	\$ -	\$ 6,000	\$ 481,864	\$ -	\$ -	\$ -
Federal sources	-	-	129,428	-	-	-	-	153,769	-
Local sources	20,966	-	-	6,600	117,127	9,826	-	-	300
On-behalf payment from State	6,422	-	-	-	-	13,906	-	5,084	-
Total revenues	478,541	-	129,428	6,600	123,127	505,596	-	158,853	300
EXPENDITURES									
Salaries and benefits	309,683	-	68,365	-	129,222	420,467	-	95,255	-
Purchased services	115,631	-	61,494	9,128	62,780	76,615	-	26,904	-
Supplies and materials	7,792	-	790	-	-	2,592	-	4,454	-
Capital outlay	14,498	-	-	-	-	-	-	3,056	-
Transfers - payments to other governmental units	336	-	145	-	-	-	-	24,353	-
On-behalf payment made to State	6,422	-	-	-	-	13,906	-	5,084	-
Total expenditures	454,362	-	130,794	9,128	192,002	513,580	-	159,106	-
Net change in fund balances	24,179	-	(1,366)	(2,528)	(68,875)	(7,984)	-	(253)	300
FUND BALANCE (DEFICIT) BEGINNING OF YEAR	459,723	18	166	1,995	240,998	85,508	7,258	363	-
FUND BALANCE (DEFICIT) END OF YEAR	\$ 483,902	\$ 18	\$ (1,200)	\$ (533)	\$ 172,123	\$ 77,524	\$ 7,258	\$ 110	\$ 300

(Continued)

See accompanying Independent Auditor's Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2006**

	Area III Homeless Liaison Project	Standard Aligned Classroom	Certificate Renewal	Illinois Department of Public Health Dental Sealant	Background Checks	Early School Leaver Conference	Early Childhood	Title IV - Safe & Drug Free Sch - Formula	State & Federal School Breakfast & Lunch	System of Support
REVENUES										
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346	\$ 29,006
Federal sources	57,000	26,666	-	4,831	-	-	-	-	6,462	88,853
Local sources	-	-	-	-	27,872	-	-	-	175	19
On-behalf payment from State	-	-	-	-	-	-	-	-	-	4,457
Total revenues	57,000	26,666	-	4,831	27,872	-	-	-	6,983	122,335
EXPENDITURES										
Salaries and benefits	50,683	6,077	-	-	-	-	-	-	-	76,599
Purchased services	6,204	20,455	-	4,831	26,825	-	-	-	6,953	39,432
Supplies and materials	978	134	-	-	-	-	-	-	-	2,059
Capital outlay	-	-	-	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	-	-	-	-	-	203
On-behalf payment made to State	-	-	-	-	-	-	-	-	-	4,457
Total expenditures	57,865	26,666	-	4,831	26,825	-	-	-	6,953	122,750
Net change in fund balances	(865)	-	-	-	1,047	-	-	-	30	(415)
FUND BALANCE (DEFICIT)										
BEGINNING OF YEAR	(1)	-	303	-	545	1,414	4,000	-	973	434
FUND BALANCE (DEFICIT)										
END OF YEAR	\$ (866)	\$ -	\$ 303	\$ -	\$ 1,592	\$ 1,414	\$ 4,000	\$ -	\$ 1,003	\$ 19

(Continued)

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2006

	Sangamon County Learning Academy Lunch	Learning Behavior Specialist 1	State & Community Highway Safety - Local Alcohol Prevention (LAP)	Learn & Serve America	Title II- Teacher Quality	Title IV- Community Service	Athletes & Asthma Project	Total
REVENUES								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 968,369
Federal sources	-	-	28,495	39,889	-	343,199	-	878,592
Local sources	-	-	-	25	-	-	1,510	184,420
On-behalf payment from State	-	-	-	-	-	-	-	29,869
Total revenues	-	-	28,495	39,914	-	343,199	1,510	2,061,250
EXPENDITURES								
Salaries and benefits	-	-	-	-	-	10,652	-	1,167,003
Purchased services	-	-	28,495	38,546	-	17,194	905	542,392
Supplies and materials	-	-	-	1,174	-	14,737	605	35,315
Capital outlay	-	-	-	193	-	-	-	17,747
Transfers - payments to other governmental units	-	100	-	96	-	300,749	-	325,982
On-behalf payment made to State	-	-	-	-	-	-	-	29,869
Total expenditures	-	100	28,495	40,009	-	343,332	1,510	2,118,308
Net change in fund balances	-	(100)	-	(95)	-	(133)	-	(57,058)
FUND BALANCE (DEFICIT)								
BEGINNING OF YEAR	23	100	(4)	96	-	133	-	804,045
FUND BALANCE (DEFICIT)								
END OF YEAR	\$ 23	\$ -	\$ (4)	\$ 1	\$ -	\$ -	\$ -	\$ 746,987

(Concluded)

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
REGIONAL SAFE SCHOOL
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sources	\$ 252,812	\$ 451,153	\$ 198,341
Local sources	-	20,966	20,966
On-behalf payments from State	-	6,422	6,422
	<u>252,812</u>	<u>478,541</u>	<u>225,729</u>
 EXPENDITURES			
Salaries and benefits	176,651	309,683	(133,032)
Purchased services	63,501	115,631	(52,130)
Supplies and materials	6,374	7,792	(1,418)
Capital outlay	6,286	14,498	(8,212)
Transfers - payments to other governmental units	-	336	(336)
On-behalf payments made to State	-	6,422	(6,422)
	<u>252,812</u>	<u>454,362</u>	<u>(201,550)</u>
Net change in fund balance	<u>\$ -</u>	24,179	<u>\$ 24,179</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>459,723</u>	
 FUND BALANCE, END OF YEAR		<u>\$ 483,902</u>	

See accompanying Independent Auditor's Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
 TRANSITION OUTREACH TRAINING FOR ADULT LIVING PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2006**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 129,428	\$ 129,428	\$ -
EXPENDITURES			
Salaries and benefits	68,905	68,365	540
Purchased services	58,023	61,494	(3,471)
Supplies and materials	2,500	790	1,710
Transfers - payments to other governmental units	-	145	(145)
Total expenditures	129,428	130,794	(1,366)
Net change in fund balance	\$ -	(1,366)	\$ (1,366)
FUND BALANCE, BEGINNING OF YEAR		166	
FUND BALANCE (DEFICIT), END OF YEAR		\$ (1,200)	

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SANGAMON COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sources	\$ 227,720	\$ 481,864	\$ 254,144
Local sources	-	9,826	9,826
On-behalf payments from State	-	13,906	13,906
	<u>227,720</u>	<u>505,596</u>	<u>277,876</u>
EXPENDITURES			
Salaries and benefits	200,730	420,467	(219,737)
Purchased services	24,690	76,615	(51,925)
Supplies and materials	2,300	2,592	(292)
On-behalf payments made to State	-	13,906	(13,906)
	<u>227,720</u>	<u>513,580</u>	<u>(285,860)</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,984)</u>	<u>\$ (7,984)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>85,508</u>	
FUND BALANCE, END OF YEAR		<u>\$ 77,524</u>	

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
TITLE I READING FIRST PART B SEA
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal sources	\$ 261,981	\$ 153,769	\$ (108,212)
On-behalf payments from State	<u> -</u>	<u> 5,084</u>	<u> 5,084</u>
Total revenues	<u>261,981</u>	<u>158,853</u>	<u>(103,128)</u>
 EXPENDITURES			
Salaries and benefits	148,729	95,255	53,474
Purchased services	62,385	26,904	35,481
Supplies and materials	22,437	4,454	17,983
Capital outlay	4,100	3,056	1,044
Transfers - payments to other governmental units	24,330	24,353	(23)
On-behalf payments made to State	<u> -</u>	<u> 5,084</u>	<u> (5,084)</u>
Total expenditures	<u>261,981</u>	<u>159,106</u>	<u>102,875</u>
Net change in fund balance	<u><u> -</u></u>	<u><u> (253)</u></u>	<u><u> (253)</u></u>
 FUND BALANCE, BEGINNING OF YEAR		<u>363</u>	
 FUND BALANCE, END OF YEAR		<u><u>\$ 110</u></u>	

See accompanying Independent Auditor's Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
 AREA III HOMELESS LIAISON PROJECT
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal sources	\$ 57,000	\$ 57,000	\$ -
Total revenues	<u>57,000</u>	<u>57,000</u>	<u>-</u>
 EXPENDITURES			
Salaries and benefits	50,683	50,683	-
Purchased services	5,339	6,204	(865)
Supplies and materials	978	978	-
Total expenditures	<u>57,000</u>	<u>57,865</u>	<u>(865)</u>
Net change in fund balance	<u>\$ -</u>	(865)	<u>\$ (865)</u>
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR		<u>(1)</u>	
 FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ (866)</u>	

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SYSTEM OF SUPPORT
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 38,769	\$ 29,006	\$ (9,763)
Federal sources	95,412	88,853	(6,559)
Local sources	-	19	19
On-behalf payment from State	-	4,457	4,457
	<u>134,181</u>	<u>122,335</u>	<u>(11,846)</u>
EXPENDITURES			
Salaries and benefits	68,800	76,599	(7,799)
Purchased services	60,381	39,432	20,949
Supplies and materials	5,000	2,059	2,941
Transfers - payment to other governmental units	-	203	(203)
On-behalf payment made to State	-	4,457	(4,457)
	<u>134,181</u>	<u>122,750</u>	<u>11,431</u>
Net change in fund balance	<u>\$ -</u>	(415)	<u>\$ (415)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR		<u>434</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ 19</u>	

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
STATE & COMMUNITY HIGHWAY SAFETY - LOCAL ALCOHOL PREVENTION (LAP)
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 31,600	\$ 28,495	\$ (3,105)
Total revenues	31,600	28,495	(3,105)
 EXPENDITURES			
Purchased services	31,600	28,495	3,105
Total expenditures	31,600	28,495	3,105
Net change in fund balance	\$ -	-	\$ -
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR		(4)	
FUND BALANCE (DEFICIT), END OF YEAR		\$ (4)	

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
LEARN & SERVE AMERICA
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal sources	\$ 35,000	\$ 39,889	\$ 4,889
Local sources	<u>-</u>	<u>25</u>	<u>25</u>
Total revenues	<u>35,000</u>	<u>39,914</u>	<u>4,914</u>
 EXPENDITURES			
Salaries and benefits	3,000	-	3,000
Purchased services	30,200	38,546	(8,346)
Supplies and materials	1,800	1,174	626
Capital outlay	-	193	(193)
Transfers - payments to other governmental units	<u>-</u>	<u>96</u>	<u>(96)</u>
Total expenditures	<u>35,000</u>	<u>40,009</u>	<u>(5,009)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(95)</u>	<u><u>\$ (95)</u></u>
FUND BALANCE, BEGINNING OF YEAR		<u>96</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ 1</u></u>	

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
TITLE IV - COMMUNITY SERVICE
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 384,937	\$ 343,199	\$ (41,738)
EXPENDITURES			
Salaries and benefits	20,960	10,652	10,308
Purchased services	34,727	17,194	17,533
Supplies and materials	24,250	14,737	9,513
Transfers - payments to other governmental units	305,000	300,749	4,251
Total expenditures	<u>384,937</u>	<u>343,332</u>	<u>41,605</u>
Net change in fund balance	<u>\$ -</u>	(133)	<u>\$ (133)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>133</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ -</u></u>	

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2006

	General Education Development Certificate	Bus Driver Training	Supervisory Expenses	General Education Development Holistic Scoring	Total
ASSETS					
Cash and cash equivalents	\$ 695	\$ 1,180	\$ 2,627	\$ -	\$ 4,502
Due from other governmental units and agencies	-	-	-	3,608	3,608
TOTAL ASSETS	\$ 695	\$ 1,180	\$ 2,627	\$ 3,608	\$ 8,110
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 2,941	\$ 2,941
Total liabilities	-	-	-	2,941	2,941
FUND BALANCE					
Fund balance - unreserved	695	1,180	2,627	667	5,169
TOTAL LIABILITIES AND FUND BALANCE	\$ 695	\$ 1,180	\$ 2,627	\$ 3,608	\$ 8,110

See accompanying Independent Auditor's Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2006**

	General Education Development Certificate	Bus Driver Training	Supervisory Expenses	General Education Development Holistic Scoring	Total
REVENUES					
State sources	\$ -	\$ 1,440	\$ 1,000	\$ -	\$ 2,440
Local sources	18,269	2,663	1,845	23,385	46,162
Total revenues	<u>18,269</u>	<u>4,103</u>	<u>2,845</u>	<u>23,385</u>	<u>48,602</u>
EXPENDITURES					
Salaries and benefits	8,143	9,130	-	-	17,273
Purchased services	12,291	5,088	2,799	28,869	49,047
Total expenditures	<u>20,434</u>	<u>14,218</u>	<u>2,799</u>	<u>28,869</u>	<u>66,320</u>
Net change in fund balance	(2,165)	(10,115)	46	(5,484)	(17,718)
FUND BALANCE					
BEGINNING OF YEAR	<u>2,860</u>	<u>11,295</u>	<u>2,581</u>	<u>6,151</u>	<u>22,887</u>
FUND BALANCE END OF YEAR	<u>\$ 695</u>	<u>\$ 1,180</u>	<u>\$ 2,627</u>	<u>\$ 667</u>	<u>\$ 5,169</u>

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
JUNE 30, 2006

	<u>Distributive</u>	<u>Illinois Education and Technology Conference</u>	<u>Cook County General Education Development</u>	<u>Sangamon County Learning Academy</u>	<u>Sangamon County Schoolmasters</u>	<u>Director's Conference</u>	<u>University of Illinois at Springfield Roundtable</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ -	\$ 70,853	\$ -	\$ 15,017	\$ 4,704	\$ 10,613	\$ 6,505	\$ 107,692
Due from other governmental units and agencies	-	-	30,540	-	-	-	-	30,540
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 70,853</u>	<u>\$ 30,540</u>	<u>\$ 15,017</u>	<u>\$ 4,704</u>	<u>\$ 10,613</u>	<u>\$ 6,505</u>	<u>\$ 138,232</u>
LIABILITIES								
Due to other governmental units and agencies	\$ -	\$ 70,853	\$ 30,540	\$ 15,017	\$ 4,704	\$ 10,613	\$ 6,505	\$ 138,232
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 70,853</u>	<u>\$ 30,540</u>	<u>\$ 15,017</u>	<u>\$ 4,704</u>	<u>\$ 10,613</u>	<u>\$ 6,505</u>	<u>\$ 138,232</u>

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,000	\$ 1,000	\$ -
LIABILITIES				
Due to other funds	\$ -	\$ 1,000	\$ 1,000	\$ -
 <u>ILLINOIS EDUCATION AND TECHNOLOGY CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 78,183	\$ 90,324	\$ 97,654	\$ 70,853
LIABILITIES				
Due to other governmental units and agencies	\$ 78,183	\$ 90,324	\$ 97,654	\$ 70,853
 <u>COOK COUNTY GENERAL EDUCATION DEVELOPMENT</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 736,828	\$ 736,828	\$ -
Due from other governmental units and agencies	264,804	30,540	264,804	30,540
Total assets	\$ 264,804	\$ 767,368	\$ 1,001,632	\$ 30,540
LIABILITIES				
Due to other governmental units and agencies	\$ 264,804	\$ 767,368	\$ 1,001,632	\$ 30,540

(Continued)

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended June 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>SANGAMON COUNTY LEARNING</u>				
<u>ACADEMY</u>				
ASSETS				
Cash and cash equivalents	\$ 18,314	\$ 6,863	\$ 10,160	\$ 15,017
LIABILITIES				
Due to other governmental units and agencies	\$ 18,314	\$ 6,863	\$ 10,160	\$ 15,017
<u>SANGAMON COUNTY</u>				
<u>SCHOOLMASTERS</u>				
ASSETS				
Cash and cash equivalents	\$ 3,528	\$ 3,886	\$ 2,710	\$ 4,704
LIABILITIES				
Due to other governmental units and agencies	\$ 3,528	\$ 3,886	\$ 2,710	\$ 4,704
<u>DIRECTOR'S CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 5,821	\$ 39,045	\$ 34,253	\$ 10,613
LIABILITIES				
Due to other governmental units and agencies	\$ 5,821	\$ 39,045	\$ 34,253	\$ 10,613
<u>UNIVERSITY OF ILLINOIS AT</u>				
<u>SPRINGFIELD ROUNDTABLE</u>				
ASSETS				
Cash and cash equivalents	\$ 8,132	\$ 7,400	\$ 9,027	\$ 6,505
LIABILITIES				
Due to other governmental units and agencies	\$ 8,132	\$ 7,400	\$ 9,027	\$ 6,505

(Continued)

See accompanying Independent Auditor's Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 113,978	\$ 885,346	\$ 891,632	\$ 107,692
Due from other governmental units and agencies	264,804	30,540	264,804	30,540
Total assets	<u>\$ 378,782</u>	<u>\$ 915,886</u>	<u>\$ 1,156,436</u>	<u>\$ 138,232</u>
LIABILITIES				
Due to other governmental units and agencies	\$ 378,782	\$ 914,886	\$ 1,155,436	\$ 138,232
Due to other funds	-	1,000	1,000	-
Total liabilities	<u>\$ 378,782</u>	<u>\$ 915,886</u>	<u>\$ 1,156,436</u>	<u>\$ 138,232</u>
				(Concluded)

See accompanying Independent Auditor's Report.

FEDERAL COMPLIANCE SECTION

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2006

Federal Grantor/Pass-through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA Number</u>	Project # (1st Eight Digits) or <u>Contract #</u>	Federal Expenditures July 1, 2005 through <u>June 30, 2006</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Illinois Department of Transportation:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants (State and Community Highway Safety)		AL6-0084-123	\$ 16,073
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants (State and Community Highway Safety)		AL5-0084-067	<u>12,422</u>
Total Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		<u>28,495</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through Illinois State Board of Education:			
School Breakfast Program		06-4220-00	1,715
School Breakfast Program		05-4220-00	<u>35</u>
Total School Breakfast Program	10.553		<u>1,750</u>
National School Lunch Program		06-4210-00	3,920
National School Lunch Program		05-4210-00	<u>792</u>
Total National School Lunch Program	10.555		<u>4,712</u>
Passed through Two Rivers Professional Development Center:			
Title I - Grants to Local Educational Agencies (System of Support)	84.010	06-4331-SS	<u>77,583</u>
Passed through Illinois State Board of Education:			
(M) Safe and Drug-Free Schools and Communities - National Programs (Title IV Community Service)	84.184	05-4420-00	<u>343,199</u>
Passed through Hancock/McDonough ROE #26:			
Education for Homeless Children and Youth (McKinney Education for Homeless Children)	84.196	06-4920-00	<u>57,000</u>
Passed through Two Rivers Professional Development Center:			
State Grants for Innovative Programs (Standards Aligned Classroom Project)		06-4999-00	<u>26,666</u>
Total State Grants for Innovative Programs	84.298		<u>26,666</u>
Passed through Illinois State Board of Education:			
Research in Special Education (Transition Outreach Training for Adult Living Program)		06-4999-TO	<u>129,428</u>
Total Research in Special Education	84.324		<u>129,428</u>

(Continued)

The accompanying notes are an integral part of this schedule.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2006

Federal Grantor/Pass-through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA Number</u>	Project # (1st Eight Digits) or <u>Contract #</u>	Federal Expenditures July 1, 2005 through <u>June 30, 2006</u>
U.S. DEPARTMENT OF EDUCATION - CONTINUED			
Passed through Illinois State Board of Education:			
Title I - Reading First Part B SEA Funds		06-4337-00	\$ 656
Title I - Reading First Part B SEA Funds		06-4337-01	105,597
Title I - Reading First Part B SEA Funds		06-4337-02	14,929
Title I - Reading First Part B SEA Funds		06-4337-04	30,796
Passed through Two Rivers Professional Development Center:			
Title I - Reading First Part B SEA Funds		04-4337-01	1,786
Title I - Reading First Part B SEA Funds		04-4337-04	<u>5</u>
Total Title I - Reading First Part B SEA Funds	84.357		<u>153,769</u>
Passed through Two Rivers Professional Development Center:			
Title II - Teacher Quality (System of Support)	84.367	05-4935-99	<u>8,973</u>
Passed through Illinois State Board of Education:			
Learn & Serve America		06-4910-00	9,780
Learn & Serve America		05-4910-00	<u>30,109</u>
Total Learn & Serve America	94.004		<u>39,889</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Illinois Department of Public Health:			
Maternal and Child Health Services Block			
Grant to States			
(Illinois Department Public Health Dental Sealant)		63481112	4,390
Maternal and Child Health Services Block			
Grant to States			
(Illinois Department Public Health Dental Sealant)		53481055	<u>441</u>
Total Maternal and Child Health Services Block			
Grant to States	93.994		<u>4,831</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 876,295</u>
			(Concluded)

(M) Audited as a major program

The accompanying notes are an integral part of this schedule.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2006

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education No. 51 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 expenditures in this schedule, the Sangamon County Regional Office of Education No. 51 provided awards to subrecipients in the amount of \$300,611 under the Safe and Drug-Free Schools and Communities – National Program (Title IV – Community Service) (84.184) and \$24,330 under the Title I – Reading First Part B SEA Funds (84.357).

NOTE 3 - DESCRIPTIONS OF FEDERAL PROGRAMS AUDITED AS A MAJOR PROGRAM

Safe and Drug-Free Schools and Communities – National Program (Title IV – Community Service) (84.184) was audited as a major program by our auditors. These funds are used to provide counseling, supervision, supplies and materials at the Safe School.

NOTE 4 - NON-CASH ASSISTANCE

The Sangamon County Regional Office of Education No. 51 did not receive any Federal awards involving non-cash assistance with continuing compliance requirements.

NOTE 5 - AMOUNT OF INSURANCE

The Sangamon County Regional Office of Education No. 51 did not receive any Federal awards involving insurance with continuing compliance requirements.

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

The Sangamon County Regional Office of Education No. 51 did not receive any Federal awards involving loans or loan guarantees with continuing compliance requirements.