

**State of Illinois
DEWITT, LIVINGSTON, AND
MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
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 Office of the Auditor General**

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

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**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Mr. G. Lawrence Daghe

Assistant Regional Superintendent
(Current and during the Audit Period)

Mr. Mark Jontry

Office is located at:

905 N. Main St. - Suite #1
Normal, Illinois 61761

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	5	4
Repeated audit findings	3	3
Prior recommendations implemented or not repeated	1	7

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

06-1	12-14	Controls Over Compliance with Laws and Regulations
06-2	15-16	Inaccurate Reporting of Expenditures
06-3	17	Inadequate Internal Controls Over Cash
06-4	18	Improper Revenue Classification
06-5	19	Untimely Filed Payroll Reports

FINDINGS (FEDERAL COMPLIANCE)

06-2	15-16	Inaccurate Reporting of Expenditures
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PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

05-1	26	Inadequate Segregation of Duties
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference held orally on October 27, 2006. Attending were Mr. G. Lawrence Daghe, Regional Superintendent, Ms. Cynthia Veselak, Bookkeeper, and Mr. Joe Hoerschmann, auditor with Clifton Gunderson LLP.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17 was performed by Clifton Gunderson LLP.

Based on their audit, the auditors expressed an unqualified opinion on the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements.

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2006, which collectively comprise the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17, 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 our report dated December 19, 2006 on our consideration of DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 27 through 41 and 72 are not a required part of the basic financial statements but are supplemental 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 supplemental 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements. The accompanying supplemental information, such as the combining and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities 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 of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Clinton, Iowa
December 19, 2006

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2006, which collectively comprise the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements and have issued our report thereon dated December 19, 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Regional Office of Education #17's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-2, 06-3, 06-4, and 06-5.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 items 06-1, 06-2, and 06-5.

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

Clifton Gunderson LLP

Clinton, Iowa
December 19, 2006

**INDEPENDENT AUDITOR'S 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's management. Our responsibility is to express an opinion on the DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's compliance with those requirements.

In our opinion, the DeWitt, Livingston, and McLean Counties Regional Office of Education #17 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 06-2.

Internal Control Over Compliance

The management of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Regional Office of Education #17's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 06-2.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

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

Clifton Gunderson LLP

Clinton, Iowa
December 19, 2006

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 x no
- Reportable condition(s) identified that are not considered to be material weaknesses? x yes _____ none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.213C</u>	<u>Evenstart Family Literacy</u>
<u>84.002A</u>	<u>Adult Education</u>
<u>84.002A</u>	<u>Adult Education EL. Civics</u>
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? _____ yes x no

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeat from 2005 - No. 05-2)

Criteria/Specific Requirements:

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- 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 his acts as county superintendent, including a list of 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 #17 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #17 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeat from 2005 - No. 05-2)(Continued)

- C. The Regional Office of Education #17 performs compliance inspections for each public school in his region on a rotational basis every four 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 #17 did not comply with statutory requirements.

Causes:

- A. According to Regional Office officials, this mandate is not possible due to the time requirement and knowledge necessary for a thorough review of every school districts' books, accounts, and vouchers. The Regional Superintendent instead relies on audit opinions provided by the independent auditors of each school district.
- B. The Regional Superintendent has presented reports annually at the meetings, but they did not include a detailed list of the schools visited with the dates of visitation.
- C. The Regional Superintendent stated that the periodic compliance visits completed at the public schools were sufficient to satisfy the statutory requirement even though they were being done on a four year rotating basis.

Recommendations:

- A. The Regional Office of Education #17 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter to report all of his acts, including a list of all the schools visited and dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

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.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeat from 2005 - No. 05-2)(Continued)

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 present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation.
- 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.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-2 - Inaccurate Reporting of Expenditures (Repeat from 2005 - No. 05-3 and 2004 - No. 04-10)

Federal Program Name and Year: Even Start Family Literacy

Project Number: 06-4335-00

CFDA Number: 84.213C

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

The Illinois State Board of Education and the U.S. Department of Education require that expenditure reports reconcile to the related general ledger accounts.

Condition:

Regional Office of Education #17's June 30, 2006 expenditure report did not agree to the related general ledger accounts for the Even Start Family Literacy grant.

Questioned Costs:

Even Start Family Literacy - \$966

Context:

N/A

Effect:

Inaccurate financial reporting.

Cause:

The Regional Office of Education #17 has insufficient review and internal controls. There were transactions posted to the general ledger for the program after the expenditure report was prepared, resulting in some expenditures not being reflected on the expenditure report.

Recommendation:

The Regional Office of Education #17's management should review expenditure reports and their supporting documentation prior to their actual filing to ensure accuracy.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-2 - Inaccurate Reporting of Expenditures (Repeat from 2005 - No. 05-3
and 2004 - No. 04-10) (Continued)

Management's Response:

All grant program directors and Regional Office of Education #17's management will review general ledger and expenditure reports to ensure accuracy in reporting. All grants shall reflect actual expenditures per audit instructions.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-3 - Inadequate Internal Controls Over Cash (Repeat from 2005 - No. 05-4 and 2004 - No. 04-8)

Criteria/Specific Requirement:

Generally accepted accounting principles require that all cash in the custody of the Regional Office of Education be recorded in the general ledger and that each month's bank statement be reconciled to the related general ledger account balance.

Condition:

The Regional Office of Education #17's ending adjusted general ledger balance for their operating account was \$35,407 more than the balance per the June 2006 bank reconciliation. This unreconciled difference includes the unreconciled difference reported in the FY 05 audit of \$20,712, with the remaining variance (\$14,695) being attributable to current year errors that had not been resolved by the Regional Office.

Effect:

There is the risk of errors in the expenditures reported in the general ledger, and of misuse, or theft of funding.

Cause:

The Regional Office of Education #17 has inadequate internal controls in place to ensure that bank statements are reconciled to the related general ledger cash accounts. The Regional Office had been reconciling checks and deposits for the account but had not been reconciling electronic transfer activity in the account, leading to the large variance.

Recommendation:

The Regional Office of Education #17's management should review each original bank reconciliation to their related general ledger account balances monthly to ensure the reconciliations are completed in a timely manner and that all reconciling items are reviewed with the appropriate follow-up. The bookkeeper should reconcile all activity that takes place in the account and track reconciling items to ensure proper treatment.

Management's Response:

Regional Office of Education #17 will work to ensure that all bank statements are reconciled to the related general ledger cash accounts. Procedures for monthly bank reconciliations are in place. All reconciling items will be reviewed with the appropriate follow-up.

The Regional Office of Education #17 will provide internal control to ensure that bank statements are reconciled accurately to the general ledger on a monthly basis. The unreconciled difference will be adjusted through a journal entry, and this condition will not exist in the future.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-4 - Improper Revenue Classification

Criteria/Specific Requirement:

Title 23 Illinois Administrative Code: Education and Cultural Resources, Chapter I, Section 525.160, Fiscal Procedures requires the Regional Superintendent of Schools in each Regional Office of Education to maintain accurate financial records in accordance with 23 Illinois Administrative Code 110 Program Accounting Manual and Regional Office of Education (ROE) Accounting Manual, as applicable. The manual requires expenditures to be identified by function account code and object account code. Generally Accepted Accounting Principles (GAAP) requires the recognition and reporting of revenues and expenditures separately.

Condition:

The Regional Office of Education #17 originally recorded reimbursements received for general supplies and other miscellaneous costs in the Indirect Cost and Interest account, a sub-account of the General Fund, as a reduction of the expenditure instead of recording the receipts as local source revenue.

Effect:

Transactions are not being recorded in accordance with the Illinois Program Accounting Manual and ROE Accounting Manual. Financial reports prepared by the ROE require additional analysis in order to be comparable and consistent with reporting requirements and GAAP. Revenues and expenditures for the affected fund were understated by \$27,766; however, the net effect is zero.

Cause:

The Regional Office did not comply with the requirements of the ROE Accounting Manual.

Recommendation:

The Regional Office of Education #17 should record any reimbursements made to the appropriate source of revenue (federal, State, or local) in accordance with the ROE Accounting Manual requirements.

Management's Response:

The Regional Office of Education #17 will record reimbursements as the appropriate type of revenue in the future in accordance with the ROE Accounting Manual requirements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

FINDING NO. 06-5 - Untimely Filed Payroll Reports

Criteria/Specific Requirement:

The Internal Revenue Service requires employers to timely file payroll tax reports.

Condition:

The Regional Office of Education #17 made two payroll tax payments late during the year, resulting in a penalty assessed by the Internal Revenue Service.

Effect:

The Regional Office of Education #17 paid a penalty of \$773 due to untimely filing of two monthly reports; one payment was made seven days late, and another payment was made two days late.

Cause:

The Regional Office of Education #17 did not comply with the requirements of the Internal Revenue Service.

Recommendation:

The Regional Office of Education #17's management should review payroll filings and their supporting payroll reports to ensure that they are filed timely in accordance with the Internal Revenue Service's regulations.

Management's Response:

The Regional Office of Education #17 will review payroll filings and their supporting reports to ensure that they are filed timely in accordance with the Internal Revenue Service's regulations. All working papers will be attached for proofing and review by administration at time of payment.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section III: Federal Award Findings:

INSTANCES OF NONCOMPLIANCE:

FINDING NO. 06-2 - Inaccurate Reporting of Expenditures (finding details on pages 15-16)

REPORTABLE CONDITIONS:

FINDING NO. 06-2 - Inaccurate Reporting of Expenditures (finding details on pages 15-16)

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2006**

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations

Conditions:

- A. The Regional Office of Education #17 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #17 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation.
- C. The Regional Office of Education #17 performs compliance inspections for each public school in his region on a rotational basis every four years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Plan:

- A. The 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 present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation.
- 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.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Mr. G. Lawrence Daghe, Regional Superintendent

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2006**

FINDING NO. 06-2 - Inaccurate Reporting of Expenditures

Condition:

Regional Office of Education #17's June 30, 2006 expenditure report did not agree to the related general ledger accounts for the Even Start Family Literacy grant.

Plan:

All grant program directors and Regional Office of Education #17's management will review general ledger and expenditure reports to ensure accuracy in reporting. All grants shall reflect actual expenditures per audit instructions.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Mr. G. Lawrence Daghe, Regional Superintendent
Joyce Fritsch, Director of Evenstart Family Literacy
Sue Brakeville, Director of Evenstart Family Literacy

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2006**

FINDING NO. 06-3 - Inadequate Internal Controls Over Cash

Condition:

The Regional Office of Education #17's ending adjusted general ledger balance for their operating account was \$35,407 more than the balance per the June 2006 bank reconciliation. This unreconciled difference includes the unreconciled difference reported in the FY 05 audit of \$20,712, with the remaining variance (\$14,695) being attributable to current year errors that had not been resolved by the Regional Office.

Plan:

Regional Office of Education #17 will work to ensure that all bank statements are reconciled to the related general ledger cash accounts. Procedures for monthly bank reconciliations are in place. All reconciling items will be reviewed with the appropriate follow-up.

The Regional Office of Education #17 will provide internal control to ensure that bank statements are reconciled accurately to the general ledger on a monthly basis. The unreconciled difference will be adjusted through a journal entry, and this condition will not exist in the future.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Mr. G. Lawrence Daghe, Regional Superintendent
Cindy Veselak, Bookkeeper
Pat Bayles, Payroll Clerk

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2006**

FINDING NO. 06-4 - Improper Revenue Classification

Condition:

The Regional Office of Education #17 originally recorded reimbursements received for general supplies and other miscellaneous costs in the Indirect Cost and Interest account, a sub-account of the General Fund, as a reduction of the expenditure instead of recording the receipts as local source revenue.

Plan:

The Regional Office of Education #17 will record reimbursements as the appropriate type of revenue in the future in accordance with the ROE Accounting Manual requirements.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Mr. G. Lawrence Daghe, Regional Superintendent
Cindy Veselak, Bookkeeper

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2006**

FINDING NO. 06-5 - Untimely Filed Payroll Reports

Condition:

The Regional Office of Education #17 made two payroll tax payments late during the year, resulting in a penalty assessed by the Internal Revenue Service.

Plan:

The Regional Office of Education #17 will review payroll filings and their supporting reports to ensure that they are filed timely in accordance with the Internal Revenue Service's regulations. All working papers will be attached for proofing and review by administration at time of payment.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Mr. G. Lawrence Daghe, Regional Superintendent
Cindy Veselak, Bookkeeper

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2006**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Inadequate Segregation of Duties	Resolved
05-2	Controls Over Compliance with Laws and Regulations	Repeated
05-3	Inaccurate Reporting of Expenditures	Repeated
05-4	Inadequate Internal Controls Over Cash	Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$628,555 in 2005 to \$891,812 in 2006 due to an increase in the foundation level for the General State Aid S.A.V.E and A.L.O.P programs. The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 showed an increase in General Fund balance from \$81,477 in fiscal year 2005 to \$234,763 in fiscal year 2006 as a result of these factors.
- The Institute Fund's fund balance decreased from \$153,735 in 2005 to \$144,484 in 2006. The main reason for the decrease is due to an increase in the professional development activities being administered as well as the reimbursements being paid to the school districts for various institute expenses.
- The Education Fund fund balance increased from \$937,374 in 2005 to \$976,252 in 2006. The Education Fund is made up of grants that the Regional Office receives and these can vary greatly from year to year as some programs are discontinued while others see a funding increase.

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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole and present an overall view of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's finances.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

Required Supplemental Information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress.

Other Supplemental Information provides detailed information about the major and nonmajor funds.

Figure A-1 summarizes the major features of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial statements, including the portion of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's activities they cover and the types of information they contain.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

**Figure A-1
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Regional Office of Education #17 (except fiduciary funds)	The activities of Regional Office of Education #17 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Regional Office of Education #17 operates similar to private businesses: workshops	Instances in which Regional Office of Education #17 administers resources on behalf of someone else, such as the distributive fund, Regional Board of School Trustees Fund, and the Cooperative Purchasing Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

**REPORTING DEWITT, LIVINGSTON, AND MCLEAN COUNTIES REGIONAL
OFFICE OF EDUCATION #17'S FINANCIAL ACTIVITIES**

Government-wide Financial Statements

The government-wide financial statements report information about DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net assets and how they have changed. Net assets - the difference between DeWitt, Livingston, and McLean Counties Regional Office of Education #17's assets and liabilities - are one way to measure DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial health or financial position. Over time, increases or decreases in DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net assets are an indicator of whether financial position is improving or deteriorating. To assess DeWitt, Livingston, and McLean Counties Regional Office of Education #17's overall health, additional non-financial factors, such as changes in DeWitt, Livingston, and McLean Counties Regional Office of Education #17's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, DeWitt, Livingston, and McLean Counties Regional Office of Education #17's activities are divided into two categories:

- *Governmental activities:* Most of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* DeWitt, Livingston, and McLean Counties Regional Office of Education #17 charges fees to help cover the costs of certain services it provides. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's workshop fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about DeWitt, Livingston, and McLean Counties Regional Office of Education #17's funds, focusing on its most significant or "major" funds - not DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole. Funds are accounting devices DeWitt, Livingston, and McLean Counties Regional Office of Education #17 uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 has three kinds of funds:

1) *Governmental funds*: Most of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance DeWitt, Livingston, and McLean Counties Regional Office of Education #17's programs.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17's governmental funds include the General Fund and Special Revenue Funds.

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

2) *Proprietary funds*: Services for which DeWitt, Livingston, and McLean Counties Regional Office of Education #17 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 currently has one Enterprise Fund, the Inservice Fund.

The required financial statements for proprietary funds include 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*: DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is the trustee for assets that belong to others. These funds include the Agency Funds.

- Agency Funds - These are funds through which DeWitt, Livingston, and McLean Counties Regional Office of Education #17 administers and accounts for certain federal and/or state grants on behalf of others.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of DeWitt, Livingston, and McLean Counties Regional Office of Education #17, assets exceeded liabilities by \$1,883,790 as of June 30, 2006.

A portion of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net assets (26%) reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that are still outstanding. Although DeWitt, Livingston, and McLean Counties Regional Office of Education #17's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net assets for the fiscal years ended June 30, 2006 and 2005.

<u>2006</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 1,438,626	\$ 19,580	\$ 1,458,206
Capital assets, net of accumulated depreciation	<u>485,921</u>	<u>-</u>	<u>485,921</u>
Total assets	<u>1,924,547</u>	<u>19,580</u>	<u>1,944,127</u>
Current liabilities	<u>60,337</u>	<u>-</u>	<u>60,337</u>
Net assets			
Invested in capital assets, net of related debt	485,921	-	485,921
Unrestricted	1,233,805	19,580	1,253,385
Restricted for teacher professional Development	<u>144,484</u>	<u>-</u>	<u>144,484</u>
Total net assets	<u>\$ 1,864,210</u>	<u>\$ 19,580</u>	<u>\$ 1,883,790</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

<u>2005</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 1,270,891	\$ 18,577	\$ 1,289,468
Capital assets, net of accumulated depreciation	<u>449,819</u>	<u>-</u>	<u>449,819</u>
Total assets	<u>1,720,710</u>	<u>18,577</u>	<u>1,739,287</u>
Current liabilities	<u>77,138</u>	<u>-</u>	<u>77,138</u>
Net assets			
Invested in capital assets, net of related debt	449,819	-	449,819
Unrestricted	1,040,018	18,577	1,058,595
Restricted for teacher professional Development	<u>153,735</u>	<u>-</u>	<u>153,735</u>
Total net assets	<u>\$ 1,643,572</u>	<u>\$ 18,577</u>	<u>\$ 1,662,149</u>

The largest portion of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net assets is unrestricted. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net assets were \$1,253,385 for the year ended June 30, 2006. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Changes in net assets. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's total revenue for the fiscal year ended June 30, 2006 was \$5,690,750. The total cost of all programs and services was \$5,469,109. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2006 and 2005.

<u>2006</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ -	\$ 8,048	\$ 8,048
Operating grants and contributions	1,869,972	-	1,869,972
General revenues			
Local sources	3,406,417	-	3,406,417
State sources	106,272	-	106,272
On-behalf payments	<u>300,041</u>	<u>-</u>	<u>300,041</u>
Total revenues	<u>5,682,702</u>	<u>8,048</u>	<u>5,690,750</u>
Expenses			
Instructional services			
Salaries and benefits	2,516,027	-	2,516,027
Purchased services	2,310,367	5,013	2,315,380
Supplies and materials	145,018	2,032	147,050
Capital outlay	16,897	-	16,897
Payments to other governments	55,166	-	55,166
Other objects	75,607	-	75,607
Depreciation and disposition losses	42,941	-	42,941
Administrative			
On-behalf payments	<u>300,041</u>	<u>-</u>	<u>300,041</u>
Total expenses	<u>5,462,064</u>	<u>7,045</u>	<u>5,469,109</u>
Change in net assets	<u>\$ 220,638</u>	<u>\$ 1,003</u>	<u>\$ 221,641</u>

Operating grants and contributions account for 33% of the total revenue. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's expenses primarily relate to instructional services, which account for 95% of the total expenses.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

<u>2005</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ -	\$ 13,920	\$ 13,920
Operating grants and contributions	2,508,844	-	2,508,844
General revenues			
Local sources	2,917,020	-	2,917,020
State sources	150,719	-	150,719
On-behalf payments	<u>282,148</u>	<u>-</u>	<u>282,148</u>
Total revenues	<u>5,858,731</u>	<u>13,920</u>	<u>5,872,651</u>
Expenses			
Instructional services			
Salaries and benefits	3,376,420	4,379	3,380,799
Purchased services	980,939	19,239	1,000,178
Supplies and materials	185,222	7,826	193,048
Capital outlay	29,438	-	29,438
Payments to other governments	714,035	1,905	715,940
Other objects	48,500	-	48,500
Depreciation and disposition losses	51,581	-	51,581
Administrative			
On-behalf payments	<u>282,148</u>	<u>-</u>	<u>282,148</u>
Total expenses	<u>5,668,283</u>	<u>33,349</u>	<u>5,701,632</u>
Change in net assets	<u>\$ 190,448</u>	<u>\$ (19,429)</u>	<u>\$ 171,019</u>

Operating grants and contributions account for 43% of the total revenue. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's expenses primarily relate to instructional services, which account for 95% of the total expenses.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Governmental Activities

Revenues for governmental activities were \$5,682,702 and \$5,858,731 and expenses were \$5,462,064 and \$5,668,283 for 2006 and 2005, respectively.

The following tables present the cost of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and DeWitt, Livingston, and McLean Counties Regional Office of Education #17's residents by each of these functions.

<u>2006</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services		
Salaries and benefits	\$ 2,516,027	\$ (1,610,912)
Purchased services	2,310,367	(1,479,236)
Supplies and materials	145,018	(92,849)
Capital outlay	16,897	17,616
Payments to other governments	55,166	(35,321)
Other objects	75,607	(48,408)
Depreciation and disposition losses	42,941	(42,941)
Administrative		
On-behalf payments	<u>300,041</u>	<u>(300,041)</u>
Total expenses	<u>\$ 5,462,064</u>	<u>\$ (3,592,092)</u>
<u>2005</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services		
Salaries and benefits	\$ 3,376,420	\$ (1,762,221)
Purchased services	980,939	(578,720)
Supplies and materials	185,222	(112,826)
Capital outlay	29,438	18,740
Payments to other governments	714,035	(342,183)
Other objects	48,500	(48,500)
Depreciation and disposition losses	51,581	(51,581)
Administrative		
On-behalf payments	<u>282,148</u>	<u>(282,148)</u>
Total expenses	<u>\$ 5,668,283</u>	<u>\$ (3,159,439)</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

The cost of all governmental activities was \$5,462,064 and \$5,668,283 for 2006 and 2005, respectively.

Federal and state governments subsidized certain governmental activities with grants and contributions of \$1,869,972 and \$2,508,844 for 2006 and 2005, respectively.

Net cost of governmental activities (\$3,592,092), was financed by general revenues, which are made up of primarily local and state sources (\$3,512,689) and on-behalf payments (\$300,041) for 2006.

Net cost of governmental activities (\$3,159,439), was financed by general revenues, which are made up of primarily local and state sources (\$3,067,739) and on-behalf payments (\$282,148) for 2005.

Business-Type Activities

Revenues for business-type activities were \$8,048 and \$13,920 and expenses were \$7,045 and \$33,349 for 2006 and 2005, respectively. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's business-type activities include the Inservice Fund. Revenues of these activities were comprised of charges for service.

INDIVIDUAL FUND ANALYSIS

As previously noted, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole is reflected in its governmental funds, as well. As DeWitt, Livingston, and McLean Counties Regional Office of Education #17 completed the year, its governmental funds reported a combined fund balance of \$1,438,626, above last year's ending fund balances of \$1,193,753.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Governmental Fund Highlights

The General Fund's fund balance increased from \$81,477 in 2005 to \$234,763 in 2006. The main reason for the increase is primarily due to an increase in the foundation level for the General State Aid S.A.V.E and A.L.O.P programs.

The Institute Fund's fund balance decreased from \$153,735 in 2005 to \$144,484 in 2006. The main reason for the decrease is due to an increase in the professional development activities being administered as well as the reimbursements being paid to the school districts for various institute expenses.

The Education Fund's fund balance increased from \$937,374 in 2005 to \$976,252 in 2006. The Education Fund is made up of grants that the Regional Office receives and these can vary greatly from year to year as some programs are discontinued while others see a funding increase. Over the various programs that make up the fund, total revenues exceeded expenditures by \$38,878 thus increasing the fiscal year 2005 fund balance from \$937,374 to \$976,252 in fiscal year 2006. The grants associated with the Standards Aligned Classroom and System of Support activities have increased this year, increasing the fund balance.

Proprietary Fund Highlights

Inservice Fund net assets increased from \$18,577 at June 30, 2005 to \$19,580 at June 30, 2006, representing an increase of approximately 5%. The Inservice Fund's assets are primarily made up of funds the Regional Office receives and expends in providing courses and seminars for teachers to aid in their professional development.

The Inservice Fund revenues have decreased from fiscal year 2005 to fiscal year 2006 due to a decrease in professional development activities assigned to this account that required a charge for participants.

BUDGETARY HIGHLIGHTS

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 amended several of the grant budgets within the Education Fund. Budgets for grant programs are adjusted because of an increase or decrease in funding due to changes at the State level or to better allocate funds received to meet the needs of the program.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

CAPITAL ASSETS

As of June 30, 2006, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 had invested \$485,921 in capital assets, including furniture and equipment. This amount was \$36,102 higher when compared to 2005. Total depreciation expense for the year was \$42,941.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2006.

	Governmental Activities	Business-Type Activities	Total
Furniture and equipment	\$ <u>485,921</u>	\$ <u>-</u>	\$ <u>485,921</u>

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

	Governmental Activities	Business-Type Activities	Total
Furniture and equipment	\$ <u>449,819</u>	\$ <u>-</u>	\$ <u>449,819</u>

Additional information on DeWitt, Livingston, and McLean Counties Regional Office of Education #17's capital assets can be found in Note 6 on page 68 of this report.

ECONOMIC FACTORS BEARING ON DEWITT, LIVINGSTON, AND MCLEAN COUNTIES REGIONAL OFFICE OF EDUCATION #17'S FUTURE

At the time these financial statements were prepared and audited, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 was aware of several existing circumstances that could significantly affect its financial health in the future:

In terms of state funding we had a slight increase in the state's support of ROE operations. Our Reading First funding for professional development has been put on hold. Also systems of support funding will depend upon the number of schools identified as not meeting AYP and being placed on the Academic Watch List.

As we look to the federal government running increased deficits it appears that federal support for education will see reductions in the future. Most of the increase in state education funding in the fiscal year 2006 budget is a result of monies being taken from teacher pension systems which we know is an unstable source of revenue. In question is the delivery system of ISBE with limited staff. Regional Offices are being asked to provide more services with same or limited funding. The Regional Office of Education #17's ability to provide programs for our local school districts will be dependent upon funding available and use of the Institute Fund for professional development.

Neither Regional Superintendents nor Assistant Regional Superintendents have received the statutorily prescribed increase in salary the past years due to the State's economic situation.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

**CONTACTING DEWITT, LIVINGSTON, AND MCLEAN COUNTIES REGIONAL
OFFICE OF EDUCATION #17'S FINANCIAL MANAGEMENT**

This financial report is designed to provide DeWitt, Livingston, and McLean Counties Regional Office of Education #17's citizens, taxpayers, and customers with a general overview of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's finances and to demonstrate DeWitt, Livingston, and McLean Counties Regional Office of Education #17's accountability for the money it receives. If you have questions about this report or need additional financial information, contact DeWitt, Livingston, and McLean Counties Regional Office of Education #17, 905 N. Main St. - Suite #1, Normal, Illinois 61761.

BASIC FINANCIAL STATEMENTS

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,351,827	\$ 19,580	\$ 1,371,407
Due from other governments	86,799	-	86,799
Total current assets	1,438,626	19,580	1,458,206
Non-current assets:			
Capital assets, being depreciated, net	485,921	-	485,921
Total assets	1,924,547	19,580	1,944,127
LIABILITIES			
Current liabilities:			
Accrued expenses	3,996	-	3,996
Due to other governments	1,259	-	1,259
Deferred revenue	55,082	-	55,082
Total current liabilities	60,337	-	60,337
NET ASSETS			
Investment in capital assets	485,921	-	485,921
Unrestricted	1,233,805	19,580	1,253,385
Restricted for teacher professional development	144,484	-	144,484
Total net assets	\$ 1,864,210	\$ 19,580	\$ 1,883,790

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF ACTIVITIES
Year Ended June 30, 2006**

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 2,516,027	\$ -	\$ 905,115	\$ (1,610,912)	\$ -	\$ (1,610,912)
Purchased services	2,310,367	-	831,131	(1,479,236)	-	(1,479,236)
Supplies and materials	145,018	-	52,169	(92,849)	-	(92,849)
Capital outlay	16,897	-	34,513	17,616	-	17,616
Payments to other governments	55,166	-	19,845	(35,321)	-	(35,321)
Other objects	75,607	-	27,199	(48,408)	-	(48,408)
Depreciation and disposition losses	42,941	-	-	(42,941)	-	(42,941)
Administrative:						
On-behalf payments	300,041	-	-	(300,041)	-	(300,041)
Total governmental activities	5,462,064	-	1,869,972	(3,592,092)	-	(3,592,092)
Business-type activities:						
Registration fees	7,045	8,048	-	-	1,003	1,003
Total primary government	\$ 5,469,109	\$ 8,048	\$ 1,869,972	(3,592,092)	1,003	(3,591,089)
General revenues:						
Local sources				3,406,417	-	3,406,417
State sources				106,272	-	106,272
On-behalf payments				300,041	-	300,041
Total general revenues				3,812,730	-	3,812,730
CHANGES IN NET ASSETS				220,638	1,003	221,641
NET ASSETS, BEGINNING OF YEAR				1,643,572	18,577	1,662,149
NET ASSETS, END OF YEAR				\$ 1,864,210	\$ 19,580	\$ 1,883,790

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

EXHIBIT C

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>	
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>		<u>Other Nonmajor Funds</u>
ASSETS					
Cash and cash equivalents	\$ 234,763	\$ 144,484	\$ 949,790	\$ 22,790	\$ 1,351,827
Due from other governments	-	-	86,799	-	86,799
TOTAL ASSETS	<u>\$ 234,763</u>	<u>\$ 144,484</u>	<u>\$ 1,036,589</u>	<u>\$ 22,790</u>	<u>\$ 1,438,626</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued expenses	\$ -	\$ -	\$ 3,996	\$ -	\$ 3,996
Due to other governments	-	-	1,259	-	1,259
Deferred revenue	-	-	55,082	-	55,082
Total liabilities	<u>-</u>	<u>-</u>	<u>60,337</u>	<u>-</u>	<u>60,337</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	234,763	-	-	-	234,763
Special revenue funds	-	144,484	976,252	22,790	1,143,526
Total fund balances	<u>234,763</u>	<u>144,484</u>	<u>976,252</u>	<u>22,790</u>	<u>1,378,289</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 234,763</u>	<u>\$ 144,484</u>	<u>\$ 1,036,589</u>	<u>\$ 22,790</u>	<u>\$ 1,438,626</u>

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2006**

Total fund balances of governmental funds (page 45)	\$ 1,378,289
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>485,921</u>
Net assets of governmental activities (page 43)	<u><u>\$ 1,864,210</u></u>

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

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2006

EXHIBIT E

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
REVENUES:					
Local sources	\$ 501,419	\$ 71,768	\$ 2,812,668	\$ 20,562	\$ 3,406,417
State sources	90,352	-	1,127,440	3,000	1,220,792
Federal sources	-	-	755,452	-	755,452
On-behalf payments	300,041	-	-	-	300,041
Total revenues	<u>891,812</u>	<u>71,768</u>	<u>4,695,560</u>	<u>23,562</u>	<u>5,682,702</u>
EXPENDITURES:					
Current:					
Instructional Services:					
Salaries and benefits	321,855	-	2,193,365	807	2,516,027
Purchased services	100,702	48,649	2,143,912	17,104	2,310,367
Supplies and materials	9,536	5,041	126,413	4,028	145,018
Capital outlay	4,939	-	91,001	-	95,940
Payments to other governments	1,453	27,329	26,384	-	55,166
Other objects	-	-	75,607	-	75,607
On-behalf payments	300,041	-	-	-	300,041
Total expenditures	<u>738,526</u>	<u>81,019</u>	<u>4,656,682</u>	<u>21,939</u>	<u>5,498,166</u>
NET CHANGE IN FUND BALANCES	153,286	(9,251)	38,878	1,623	184,536
FUND BALANCE, BEGINNING OF YEAR	<u>81,477</u>	<u>153,735</u>	<u>937,374</u>	<u>21,167</u>	<u>1,193,753</u>
FUND BALANCE, END OF YEAR	<u>\$ 234,763</u>	<u>\$ 144,484</u>	<u>\$ 976,252</u>	<u>\$ 22,790</u>	<u>\$ 1,378,289</u>

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
June 30, 2006**

Net change in fund balances (page 47) \$ 184,536

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	\$ 79,043	
Depreciation and disposition losses	<u>(42,941)</u>	<u>36,102</u>

Change in net assets of governmental activities (page 44) \$ 220,638

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2006**

	<u>Business-Type Activities - Enterprise Fund Inservice</u>
ASSETS	
Current assets:	
Cash	\$ 19,580
LIABILITIES	
Current liabilities:	
None	<u>-</u>
NET ASSETS	
Unrestricted	<u><u>\$ 19,580</u></u>

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2006**

	<u>Business-Type Activities - Enterprise Fund Inservice</u>
OPERATING REVENUES:	
Local sources	<u>\$ 8,048</u>
OPERATING EXPENSES:	
Purchased services	5,013
Supplies and materials	<u>2,032</u>
Total operating expenses	<u>7,045</u>
Operating income	1,003
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>18,577</u>
TOTAL NET ASSETS, END OF YEAR	<u><u>\$ 19,580</u></u>

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006**

	<u>Business-Type Activities - Enterprise Fund Inservice</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from workshops	\$ 8,048
Payments to suppliers and providers of goods and services	<u>(7,045)</u>
Net cash provided by operating activities	1,003
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>18,577</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 19,580</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 1,003</u>
Net cash provided by operating activities	<u><u>\$ 1,003</u></u>

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 147,075</u>
LIABILITIES	
Due to other governments	<u>\$ 147,075</u>

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

REPORTING ENTITY

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is an entity that is a result of an Educational Service Region becoming a Regional Office of Education as of August 7, 1995. The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education #17 encompasses DeWitt, Livingston, and McLean Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17's reporting entity includes all related organizations for which the Regional Office of Education #17 exercises oversight responsibility in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

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

The Superintendent has developed criteria to determine whether outside agencies with activities which benefit the citizens served by the Regional Office of Education #17 should be included within its financial reporting entity. The criteria includes, but is not limited to whether the Superintendent (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (i.e., financial budget approval, management of assets, etc.). The Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements. In addition, the Superintendent is not aware of any entity which would exercise such oversight which would result in the Regional Office of Education #17 being considered a component unit of the entity.

BASIS OF PRESENTATION

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the activities of DeWitt, Livingston, and McLean Counties Regional Office of Education #17. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

The Statement of Net Assets presents DeWitt, Livingston, and McLean Counties Regional Office of Education #17's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within the governmental funds in the financial section of the basic financial statements and are detailed in the supplemental information.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 reports the following major governmental funds:

The General Fund is the operating fund of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The following funds are the general funds of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17.

County Fund - this fund accounts for DeWitt, Livingston, and McLean Counties support which helps fund the operation of the Regional Office of Education #17.

Indirect Cost and Interest Fund - this fund accounts for indirect cost allowed by the Adult Education Grants.

ROE/ISC Operations Fund - this fund accounts for the State grant that provides the funding for the Regional Office of Education #17.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

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

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

Education Fund - to account for State and Federal grant monies received for, and payment of, administering numerous grant awards which include:

Department of Rehabilitation Services (D.O.R.S.) Program Step Grant - this program is for severely handicapped students making the transition from high school to the work place.

Secretary of State's Literacy Grant - this program supports literacy activities from the Secretary of State.

Penny Severns Grant - this is a summer program designed to serve 30 families with children 6 weeks to 12 years who are currently enrolled in English as a second language. The families are assisted with reading, writing, and parenting skills.

Truants Alternative/Optional Education - this program assists in prevention of truancy within the Alternative School.

Adult Education Programs - this program is funded by the Illinois Community College Board to assist individuals with literacy, GED prep, and English as a Second Language classes.

Scientific Literacy - this program provides funding for school improvement plans in the areas of math and science and to coordinate teacher development in math and science.

SOS Family Literacy - this program serves parents and their children ages 0 to 5 who are enrolled in Evenstart or Heartland Head Start to provide activities that encourage literacy development and enable parents to be their child's first and best teacher through workshops, field trips, and a partnership with the public libraries to provide activities.

Career Awareness and Development - this program provides students the opportunity to learn more about career options available to them.

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

Partnering NCLB - this program provides schools within the region with online resources for the use of the students.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

ROE/ISC School Improvement - this program provides training and reading workshops for local teachers.

Early Childhood Block Grant - this program offers intensive home visits, drop in and play sessions, parent education, hospital consultations, and referrals for at risk children.

Evenstart Family Literacy - this program provides early childhood education, adult English as a Second Language education, parenting and parent-child interactions for low income and limited English speaking families with children aged 6 weeks to 3 years.

English Language Civics Grant - this program provides immigrants and other limited English proficient persons with skills to understand and navigate governmental workplace systems and key institutions, such as banking and healthcare.

Induction Leadership - this program develops educational materials that support a statewide program based on the Illinois State Board of Education initiative "Induction and Mentoring for Education Administrators".

Work Experience and Career Exploration Program - this program assists teachers with instruction needed in today's classroom.

Illinois Violence Prevention Authority - this program assists in prevention of domestic violence.

Title I - Reading First - SEA Part B - this program assists K-2 teachers with professional development and the 5 essential components of early reading instruction.

Implementing Math - this program integrates Mathematics Performance Descriptors and Classroom Assessment into the classroom, as well as, preparing training materials for statewide workshops.

Chestnut - this is a contract with a local drug/alcohol rehabilitation center for GED preparation services.

Mentoring - this program provides training teams to local districts to assist with staff development.

SBC Foundation Grant - this program is funded by a communications company (SBC) and is designed to increase knowledge in the areas of technology.

McLean County Jail Education Development - this is a contract between the county of McLean and the Adult Education Department of the Regional Office of Education #17 to provide a GED teacher at the McLean County Jail.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

Donations Literacy Inservice - this program is funded by corporate and private sources to facilitate learning projects in literacy, GED, and English as a Second Language classes.

Youthbuild - this program is funded by local organizations dedicated to rehabilitation, education, and development of job skills for students.

Youth Impact - this program is a cooperative between the cities of Normal, Bloomington, and McLean County to prevent and assist individuals in staying away from gang activity.

Alexander Workplace - this is a contract with Alexander (a local Company) to provide GED prep services to its employees.

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

Scoop Dreams GED - Scoop Dreams, an ice cream parlor, contracts with the Adult Education Department of the Regional Office of Education #17 to provide GED preparation for students.

Scoop Dreams Grant - this program is funded by Youth Impact, a local government cooperative, to support teachers in the operation of an ice cream parlor that is used to teach job and life skills to students at risk.

Continuum of Care - this program assists participants in obtaining and remaining in permanent housing.

Livingston County Alternative School - this is a state-approved program leading to a high school diploma for students with truancy and discipline problems.

Heart of Illinois Low Incidence - this program promotes, establishes, and maintains comprehensive special education services for children with hearing, vision, and physical disabilities.

Regional Alternative School - this is a state-wide program leading to a high school diploma for students with truancy and discipline problems.

BroMenn Regional Healthcare - this is a contract with the Adult Education Department to provide English as a Second Language classes for their foreign doctors.

Title I Neglect - this program provides a teacher for the Juvenile Detention Center for GED preparation classes.

Illinois Reading Grant - this program provides standards aligned for reading teachers.

Standards Aligned Classroom - this program provides standards aligned classroom initiatives, coaching, and support teams.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

Ross Grant - this program provides adult education classes in public housing facilities, which may include transportation and childcare for housing residents while taking classes.

State Farm Grants - State Farm Companies Foundation provides grants to our STAR Literacy to support their employees' volunteer efforts in the community. In addition, State Farm Insurance Company provides a grant that provides training programs to improve classroom instruction in a manner that will reflect increased student achievement on State assessments tests.

IASA Title IV Formula - this program is the combination of the following:

Title II Teacher Quality - this program provides teacher workshops.

Title V - Innovative Programs - this fund provides staff development services and materials to instructors.

Reluctant Learner - this hands-on training engages educators by showing them how to use the entire Internet to search lesson plan databases, directories, and search engines to quickly and systematically capture lesson plans that will motivate their students.

The Regional Office of Education #17 reports the following nonmajor governmental funds:

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

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

General Education Development - this fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

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

The Regional Office of Education #17 reports the following major proprietary fund:

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #17 on a cost reimbursement basis are reported.

Inservice - used to account for the workshop fees and expenses of the Regional Office of Education #17.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

The Regional Office of Education #17 also reports the following agency funds:

Agency Funds are used to account for assets held by the Regional Office of Education #17 in a trustee capacity or 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 results of operations. Agency funds include the following:

Distributive - this fund distributes money received from the State out to the school districts and other entities.

Regional Board of School Trustees - this fund accounts for the Regional Office of Education's operating accounts.

Cooperative Purchasing - this fund is used to purchase paper and supplies in quantity as a single unit by participating schools in the Regional Office of Education #17.

The school district boards within the Regional Office of Education #17 have signed formal agreements that allow the Regional Office of Education #17 to retain any interest earned during the year.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the DeWitt, Livingston, and McLean Counties Regional Office of Education #17.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Under the terms of grant agreements, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is DeWitt, Livingston, and McLean Counties Regional Office of Education #17's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 maintains its financial records on the cash basis. The financial statements of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 are prepared by making memorandum adjusting entries to the cash basis financial records.

ASSETS, LIABILITIES AND FUND EQUITY

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

Cash and investments - The cash and investment balances of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 are valued at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

Capital assets - Capital assets, which include property, furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

Compensated absences - Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore; no liability is accrued. There are no material accumulations of sick pay or vacation pay at June 30, 2006.

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

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

BUDGETS AND BUDGETARY ACCOUNTING

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 prepares a budget for each of its grants and for the support it receives from its three counties. Some of these budgets cover different periods than the Regional Office of Education #17's fiscal year.

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17's accounting records must be sophisticated enough to both (1) assure and demonstrate compliance with each budget during the period it covers and (2) also permit the reporting of the financial position and results of operations of each fund and fund type in GAAP financial statements covering its fiscal year.

Budgetary comparisons and budgetary compliance are discussed in Note 5 - Budgetary comparisons and budgetary compliance.

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 1 - CASH AND CASH EQUIVALENTS

The deposit of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2006, the carrying amount of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's deposits was \$1,518,482 and the bank balance was \$1,783,493.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, DeWitt, Livingston, and McLean Counties Regional Office of Education #17's deposits may not be returned. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 does not have a deposit policy for custodial credit risk. As of June 30, 2006, all of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in DeWitt, Livingston, and McLean Counties Regional Office of Education #17's name.

A reconciliation of cash as shown on the Statement of Net Assets for the primary government is as follows:

	<u>Carrying Amount</u>
Cash - Primary Government	\$1,351,827
Cash - Enterprise Fund	19,580
Cash - Agency	<u>147,075</u>
Total	<u>\$1,518,482</u>

NOTE 2 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and his assistant are paid by the State of Illinois. All other salaries are paid by DeWitt, Livingston, and McLean Counties. Pension plan contributions associated with these salaries are also paid respectively, by the State of Illinois and DeWitt, Livingston, and McLean Counties.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 2 - ON-BEHALF PAYMENTS (CONTINUED)

A breakdown of the on-behalf payments are as follows:

Regional Superintendent - salary	\$ 88,540
Regional Superintendent - benefits (includes state paid insurance)	20,190
Assistant Regional Superintendent - salary	79,685
Assistant Regional Superintendent - benefits (includes state paid insurance)	17,761
TRS on-behalf payments	<u>93,865</u>
Total on-behalf payments	<u>\$ 300,041</u>

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

NOTE 3 - EMPLOYEE BENEFIT PLAN

The Regional Office of Education #17's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by DeWitt, Livingston, and McLean Counties and the Regional Office of Education #17 through grant monies on behalf of the DeWitt, Livingston, and McLean Counties Regional Office of Education staff employees and grant coordinators.

DeWitt, Livingston, and McLean Counties are participating members of the Illinois Municipal Retirement Fund whose coverage includes all Regional Office of Education #17 employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year;
- b. are paid on a regular payroll from County or Regional Office of Education #17 funds;
- c. were under age sixty when first entering employment; and
- d. are not covered by another State created retirement system for the same service.

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

The Superintendent of DeWitt, Livingston, and McLean Counties Regional Office of Education is paid by the State of Illinois. Certain staff employees of the Regional Office of Education #17's office are employed and paid by DeWitt, Livingston, and McLean Counties (other support staff and grant coordinators are paid by the Region through grant monies). DeWitt, Livingston, and McLean Counties Regional Office of Education has no separate employee benefit plan.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 3 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Illinois Municipal Retirement Fund

The Regional Office of Education #17'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. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #17 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 10.46 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, the Regional Office of Education #17's annual pension cost of \$91,595 was equal to the Regional Office of Education #17's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 3 - EMPLOYEE BENEFIT PLAN (CONTINUED)

TREND INFORMATION			
<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 91,595	100%	\$ -
12/31/04	94,234	100%	-
12/31/03	48,073	100%	-
12/31/02	77,465	100%	-
12/31/01	87,473	100%	-
12/31/00	86,630	100%	-
12/31/99	81,771	100%	-
12/31/98	76,577	100%	-
12/31/97	51,171	100%	-
12/31/96	40,336	100%	-

NOTE 4 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The Regional Office of Education 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 for the year ended June 30, 2006, was 9 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 employers and 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 Regional Office of Education #17 THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #17's TRS-covered employees.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 4 - RETIREMENT PLANS (CONTINUED)

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #17. For the year ended June 30, 2006, the State of Illinois contributions were based on 9.4 percent of creditable earnings, and the Regional Office of Education #17 recognized revenue and expenditures of \$93,865 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 9 percent (\$77,937) and 13.98 percent (\$107,450), respectively.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contribution for the year ended June 30, 2006 was \$5,792. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$2,232 and \$4,458, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education #17, there is a statutory requirement for the Regional Office of Education #17 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 paid from federal and trust funds will be the same as the state contribution rate for 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, there were \$11,084 in contributions. For the years ended June 30, 2005, and June 30, 2004, there were \$18,082 and \$14,877 in contributions, respectively.

- **Early Retirement Option.** The Regional Office of Education #17 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 in 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, June 30, 2005, and June 30, 2004, the Regional Office of Education #17 paid no employer contributions under the Early Retirement Option.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 4 - RETIREMENT PLANS (CONTINUED)

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

NOTE 5 - BUDGETARY COMPARISONS AND BUDGETARY COMPLIANCE

To demonstrate compliance with applicable budgetary requirements, GAAP financial statements generally include comparisons of actual results of operations to budgeted amounts for individual funds for which a budget is adopted for the period covered by the budget. Regional Office of Education #17 did not formally adopt a budget for the year ended June 30, 2006 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain state and federal programs. Budgets for the Regional Office of Education #17's state and federal grant funds cover various periods. Budgetary comparisons for those periods are presented on page 77 for the ROE/ISC Operations Fund and pages 94-97 for the following grants: Secretary of State's Literacy Grant, Truants Alternative/Optional Education, Adult Education Programs, SOS Family Literacy, Early Childhood Block Grant, Evenstart Family Literacy, English Language Civics Grant, Illinois Violence Prevention Authority, Title I - Reading First - Part B SEA, McLean County Jail Education Development, and Regional Safe Schools. Budget information for County Support Fund can be found on page 76.

To qualify for reimbursement, grant expenditures must be obligated by the end of the applicable budget period and liquidated within 90 days thereafter.

To qualify for reimbursement, grant expenditures must also not exceed approved budgeted amounts for particular function (Improvement of Instruction Services, General Administration, Fiscal Services, etc.) and object (Salaries, Employee Benefits, Purchase Services, etc.) account code combinations by the greater of \$1,000 or 20% of the approved budgeted amount. Amendments to shift amounts from one function/object account code combination to another must be submitted to the ISBE for approval by 30 days prior to the end of the applicable budget period.

All grant expenditure amounts for which the Regional Office of Education #17 claimed reimbursement, and for which grant revenue is reported in these financial statements, were obligated and liquidated on a timely basis. All such expenditure amounts were within the function/object account classification limits of final approved amended budgets.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 6 - CAPITAL ASSETS

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

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Governmental activities:				
Furniture and equipment	\$ 715,665	\$ 79,043	\$ -	\$ 794,708
Less accumulated depreciation	265,846	42,941	-	308,787
Total capital assets, net	<u>\$ 449,819</u>	<u>\$ 36,102</u>	<u>\$ -</u>	<u>\$ 485,921</u>

Depreciation expense was charged as follows:

Governmental activities:

 Education:

 Depreciation and disposition losses \$ 42,941

NOTE 7 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST

The school district boards within the Regional Office of Education #17 have signed formal agreements that allow the Regional Office of Education #17 to retain any interest earned during the year.

NOTE 8 - OPERATING LEASES

The Regional Office of Education #17 entered into a lease for the Alternative School classroom and administrative space. The lease calls for monthly payments of \$7,527 beginning on August 1, 2002 for ten years with five one-year options. The lease calls for improvements to be made by the landlord and additional payments by the tenant.

Future lease obligations are as follows:

<u>Year Ended June 30,</u>	
2007	\$ 90,324
2008	90,324
2009	90,324
2010	90,324
2011	90,324
Later years	<u>105,378</u>
Total	<u>\$ 556,998</u>

The Regional Office of Education #17 incurred lease expenditures of \$90,324 for the year ended June 30, 2006. In addition, the Regional Office of Education #17 also has entered into one-year leases on other classroom and administrative space.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 9 - DUE TO/FROM OTHER GOVERNMENTS

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17's General, Special Revenue, and Agency Funds have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments	
<u>Education Fund</u>	
Illinois State Board of Education	\$ 13,755
Local Governments	9,510
State Governments	<u>63,534</u>
	<u>\$ 86,799</u>
Due to Other Governments	
<u>Education Fund</u>	
Illinois Community College Board	<u>\$ 1,259</u>

NOTE 10 - RISK MANAGEMENT

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 11 - NEW PRONOUNCEMENTS

In 2006, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 adopted Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an Amendment of NCGA Statement 1*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation, an Amendment of GASB No. 34*, and GASB No. 47, *Accounting for Termination Benefits*. The Regional Office of Education implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 12 - DEFICIT FUND BALANCES

The following funds had deficit fund balances at June 30, 2006. The deficits will be covered by normal operations or fund transfers.

Education Fund	
Truants Alternative/Optional Education	\$ (10,611)
English Language Civics Grant	(232)
Induction Leadership	(4,865)
Implementing Math	(1,452)
Chestnut	(5,118)
Mentoring	(1,963)
Livingston County Alternative School	(47)
Ross Grant	(5,275)
Reluctant Learner	(3,195)
Nonmajor Special Revenue Funds	
Bus Driver Training	(4,004)

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

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FUNDING PROGRESS -
ILLINOIS MUNICIPAL RETIREMENT FUND
(Unaudited)
June 30, 2006**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$1,753,339	\$1,843,443	\$ 90,104	95.11%	\$ 875,666	10.29%
12/31/04	1,527,301	1,743,818	216,517	87.58%	886,129	24.43%
12/31/03	1,367,099	1,464,488	97,389	93.35%	903,634	10.78%
12/31/02	1,297,751	1,307,882	10,131	99.23%	883,294	1.15%
12/31/01	1,219,561	1,141,908	(77,653)	106.80%	867,784	0.00%
12/31/00	1,031,567	1,051,672	20,105	98.09%	799,174	2.52%
12/31/99	808,577	883,554	74,977	91.51%	695,333	10.78%
12/31/98	600,850	715,539	114,689	83.97%	616,563	18.60%
12/31/97	548,097	676,272	128,175	81.05%	554,567	23.11%
12/31/96	442,604	592,639	150,035	74.68%	360,145	41.66%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$1,770,468. On a market basis, the funded ratio would be 96.04%.

***Digest of Changes**

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

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

SUPPLEMENTAL INFORMATION

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND ACCOUNTS
 June 30, 2006

	<u>County Fund</u>	<u>Indirect Cost and Interest Fund</u>	<u>ROE/ISC Operations Fund</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 142,118	\$ 66,461	\$ 26,184	\$ 234,763
LIABILITIES AND FUND BALANCE				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, UNRESERVED	<u>142,118</u>	<u>66,461</u>	<u>26,184</u>	<u>234,763</u>
TOTAL LIABILITIES AND FUND BALANCE, UNRESERVED	<u>\$ 142,118</u>	<u>\$ 66,461</u>	<u>\$ 26,184</u>	<u>\$ 234,763</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2006**

	<u>County Fund</u>	<u>Indirect Cost and Interest Fund</u>	<u>ROE/ISC Operations Fund</u>	<u>Totals</u>
REVENUES:				
Local sources				
Counties support	\$ 446,336	\$ -	\$ -	\$ 446,336
Service revenue	567	54,516	-	55,083
Total local sources	446,903	54,516	-	501,419
State sources	-	-	90,352	90,352
On-behalf payments	300,041	-	-	300,041
 Total revenues	 746,944	 54,516	 90,352	 891,812
EXPENDITURES:				
Current:				
Instructional Services:				
Salaries	203,097	10,237	36,367	249,701
Employee benefits	57,728	1,905	12,521	72,154
Purchased services	46,486	12,752	41,464	100,702
Supplies and materials	3,928	5,608	-	9,536
Capital outlay	-	4,939	-	4,939
Payments to other governments	1,453	-	-	1,453
On-behalf payments	300,041	-	-	300,041
 Total expenditures	 612,733	 35,441	 90,352	 738,526
 NET CHANGE IN FUND BALANCES	 134,211	 19,075	 -	 153,286
 FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	 7,907	 47,386	 26,184	 81,477
 FUND BALANCE, UNRESERVED, END OF YEAR	 \$ 142,118	 \$ 66,461	 \$ 26,184	 \$ 234,763

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2006**

SCHEDULE 3

	County Fund Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ 348,899	\$ 348,899	\$ 446,903	\$ 98,004
On-behalf payments	-	-	300,041	300,041
Total revenues	348,899	348,899	746,944	398,045
EXPENDITURES:				
Current:				
Instructional Services:				
Salaries	224,609	224,609	203,097	21,512
Employee benefits	77,202	77,202	57,728	19,474
Purchased services	27,840	27,840	46,486	(18,646)
Supplies and materials	19,248	19,248	3,928	15,320
Payments to other governments	-	-	1,453	(1,453)
On-behalf payments	-	-	300,041	(300,041)
Total expenditures	348,899	348,899	612,733	(263,834)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	134,211	\$ 134,211
FUND BALANCE, BEGINNING OF YEAR			7,907	
FUND BALANCE, END OF YEAR			\$ 142,118	

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
Year Ended June 30, 2006**

**SCHEDULE 3
(CONTINUED)**

	ROE/ISC Operations Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	90,352	90,352	90,352	-
Total revenues	90,352	90,352	90,352	-
EXPENDITURES:				
Current:				
Instructional Services:				
Salaries	36,349	36,349	36,367	(18)
Employee benefits	12,134	12,134	12,521	(387)
Purchased services	41,869	41,869	41,464	405
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Total expenditures	90,352	90,352	90,352	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
FUND BALANCE, BEGINNING OF YEAR			26,184	
FUND BALANCE, END OF YEAR			\$ 26,184	

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006**

SCHEDULE 4

	<u>D.O.R.S. Program Step Grant</u>	<u>Secretary of State's Literacy Grant</u>	<u>Penny Severns Grant</u>	<u>Truants Alternative/ Optional Education</u>	<u>Adult Education Programs</u>	<u>Scientific Literacy</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 19,529	\$ 260	\$ 2,831	\$ (10,611)	\$ 21,638	\$ 471
Due from other governments	-	-	-	-	-	-
Total assets	<u>\$ 19,529</u>	<u>\$ 260</u>	<u>\$ 2,831</u>	<u>\$ (10,611)</u>	<u>\$ 21,638</u>	<u>\$ 471</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 58	\$ -
Due to other governments	-	-	-	-	884	-
Deferred revenue	19,529	-	-	-	-	-
Total liabilities	<u>19,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>942</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Unreserved	<u>-</u>	<u>260</u>	<u>2,831</u>	<u>(10,611)</u>	<u>20,696</u>	<u>471</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 19,529</u>	<u>\$ 260</u>	<u>\$ 2,831</u>	<u>\$ (10,611)</u>	<u>\$ 21,638</u>	<u>\$ 471</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006**

**SCHEDULE 4
(CONTINUED)**

	<u>SOS Family Literacy</u>	<u>Career Awareness and Development</u>	<u>Education To Careers</u>	<u>Partnering NCLB</u>	<u>ROE/ISC School Improvement</u>	<u>Early Childhood Block Grant</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 3,696	\$ 1,669	\$ 12,310	\$ 4,800	\$ 506	\$ (5,881)
Due from other governments	-	-	-	-	-	6,108
Total assets	<u>\$ 3,696</u>	<u>\$ 1,669</u>	<u>\$ 12,310</u>	<u>\$ 4,800</u>	<u>\$ 506</u>	<u>\$ 227</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accrued expenses	\$ 3,565	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>3,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Unreserved	<u>131</u>	<u>1,669</u>	<u>12,310</u>	<u>4,800</u>	<u>506</u>	<u>227</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 3,696</u>	<u>\$ 1,669</u>	<u>\$ 12,310</u>	<u>\$ 4,800</u>	<u>\$ 506</u>	<u>\$ 227</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006**

**SCHEDULE 4
(CONTINUED)**

	<u>Evenstart Family Literacy</u>	<u>English Language Civics Grant</u>	<u>Induction Leadership</u>	<u>Work Experience and Career Exploration Program</u>	<u>Illinois Violence Prevention Authority</u>	<u>Title I - Reading First - Part B SEA</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 13,989	\$ 143	\$ 915	\$ 724	\$ 3,518	\$ 1,566
Due from other governments	6,801	-	-	-	-	-
Total assets	<u>\$ 20,790</u>	<u>\$ 143</u>	<u>\$ 915</u>	<u>\$ 724</u>	<u>\$ 3,518</u>	<u>\$ 1,566</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	375	-	-	-	-
Deferred revenue	17,786	-	5,780	724	-	-
Total liabilities	<u>17,786</u>	<u>375</u>	<u>5,780</u>	<u>724</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Unreserved	<u>3,004</u>	<u>(232)</u>	<u>(4,865)</u>	<u>-</u>	<u>3,518</u>	<u>1,566</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 20,790</u>	<u>\$ 143</u>	<u>\$ 915</u>	<u>\$ 724</u>	<u>\$ 3,518</u>	<u>\$ 1,566</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2006**

**SCHEDULE 4
 (CONTINUED)**

	Implementing Math	Chestnut	Mentoring	SBC Foundation Grant	McLean County Jail Education Development
ASSETS					
Cash (overdrafts) and cash equivalents	\$ (1,452)	\$ (5,118)	\$ (1,963)	\$ 2,694	\$ 24,809
Due from other governments	-	-	-	-	-
Total assets	\$ (1,452)	\$ (5,118)	\$ (1,963)	\$ 2,694	\$ 24,809
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
FUND BALANCE (DEFICIT)					
Unreserved	(1,452)	(5,118)	(1,963)	2,694	24,809
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ (1,452)	\$ (5,118)	\$ (1,963)	\$ 2,694	\$ 24,809

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2006**

**SCHEDULE 4
 (CONTINUED)**

	Donations Literacy Inservice	Youthbuild	Youth Impact	Alexander Workplace	Regional Safe Schools
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 38,742	\$ 14,861	\$ 34,156	\$ -	\$ 96,668
Due from other governments	-	-	-	-	846
Total assets	\$ 38,742	\$ 14,861	\$ 34,156	\$ -	\$ 97,514
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 373
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	4,000	-	-
Total liabilities	-	-	4,000	-	373
FUND BALANCE (DEFICIT)					
Unreserved	38,742	14,861	30,156	-	97,141
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 38,742	\$ 14,861	\$ 34,156	\$ -	\$ 97,514

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2006

SCHEDULE 4
 (CONTINUED)

	Scoop Dreams GED	Scoop Dreams Grant	Continuum of Care	Livingston County Alternative School	Heart of Illinois Low Incidence
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 2	\$ 1,470	\$ (8,131)	\$ (47)	\$ 1,509
Due from other governments	-	-	9,510	-	-
Total assets	<u>\$ 2</u>	<u>\$ 1,470</u>	<u>\$ 1,379</u>	<u>\$ (47)</u>	<u>\$ 1,509</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)					
Unreserved	<u>2</u>	<u>1,470</u>	<u>1,379</u>	<u>(47)</u>	<u>1,509</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 2</u>	<u>\$ 1,470</u>	<u>\$ 1,379</u>	<u>\$ (47)</u>	<u>\$ 1,509</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006**

**SCHEDULE 4
(CONTINUED)**

	<u>Regional Alternative School</u>	<u>BroMenn Regional Healthcare</u>	<u>Title I Neglect</u>	<u>Illinois Reading Grant</u>	<u>Standards Aligned Classroom</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 668,410	\$ -	\$ 7,263	\$ 2,000	\$ 14,492
Due from other governments	-	-	-	-	48,534
Total assets	<u>\$ 668,410</u>	<u>\$ -</u>	<u>\$ 7,263</u>	<u>\$ 2,000</u>	<u>\$ 63,026</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	7,263	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>7,263</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)					
Unreserved	<u>668,410</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>63,026</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 668,410</u>	<u>\$ -</u>	<u>\$ 7,263</u>	<u>\$ 2,000</u>	<u>\$ 63,026</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2006**

**SCHEDULE 4
 (CONTINUED)**

	<u>Ross Grant</u>	<u>State Farm Grants</u>	<u>Title II Teacher Quality</u>	<u>Title V Innovative Programs</u>	<u>Reluctant Learner</u>	<u>Totals</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ (5,275)	\$ 8,899	\$ (13,077)	\$ -	\$ (3,195)	\$ 949,790
Due from other governments	-	-	15,000	-	-	86,799
Total assets	<u>\$ (5,275)</u>	<u>\$ 8,899</u>	<u>\$ 1,923</u>	<u>\$ -</u>	<u>\$ (3,195)</u>	<u>\$ 1,036,589</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,996
Due to other governments	-	-	-	-	-	1,259
Deferred revenue	-	-	-	-	-	55,082
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,337</u>
FUND BALANCE (DEFICIT)						
Unreserved	<u>(5,275)</u>	<u>8,899</u>	<u>1,923</u>	<u>-</u>	<u>(3,195)</u>	<u>976,252</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ (5,275)</u>	<u>\$ 8,899</u>	<u>\$ 1,923</u>	<u>\$ -</u>	<u>\$ (3,195)</u>	<u>\$ 1,036,589</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006**

	D.O.R.S. Program Step Grant	Secretary of State's Literacy Grant	Penny Severns Grant	Truants Alternative/ Optional Education	Adult Education Programs	Scientific Literacy
REVENUES:						
Local sources	\$ -	\$ -	\$ 9,593	\$ 7,532	\$ 11,776	\$ -
State sources	-	68,000	-	82,445	267,967	-
Federal sources	50,081	-	-	-	106,435	-
Total revenues	<u>50,081</u>	<u>68,000</u>	<u>9,593</u>	<u>89,977</u>	<u>386,178</u>	<u>-</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	51,597	2,543	72,899	263,969	-
Employee benefits	-	9,626	281	9,000	26,376	-
Purchased services	50,081	4,010	1,505	7,376	28,415	-
Supplies and materials	-	8,418	2,726	-	27,067	-
Capital outlay	-	-	-	-	36,880	-
Payments to other governments	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
Total expenditures	<u>50,081</u>	<u>73,651</u>	<u>7,055</u>	<u>89,275</u>	<u>382,707</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(5,651)	2,538	702	3,471	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	5,911	293	(11,313)	17,225	471
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ 2,831</u>	<u>\$ (10,611)</u>	<u>\$ 20,696</u>	<u>\$ 471</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	<u>SOS Family Literacy</u>	<u>Career Awareness and Development</u>	<u>Education To Careers</u>	<u>Partnering NCLB</u>	<u>ROE/ISC School Improvement</u>	<u>Early Childhood Block Grant</u>
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ 18,660	\$ -	\$ -
State sources	35,000	-	-	-	-	88,201
Federal sources	-	-	-	-	120,995	-
Total revenues	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>18,660</u>	<u>120,995</u>	<u>88,201</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	24,115	-	-	-	-	46,639
Employee benefits	6,974	-	-	-	-	9,908
Purchased services	664	-	-	13,860	120,995	30,647
Supplies and materials	3,116	-	-	-	-	720
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
Total expenditures	<u>34,869</u>	<u>-</u>	<u>-</u>	<u>13,860</u>	<u>120,995</u>	<u>87,914</u>
NET CHANGE IN FUND BALANCES	131	-	-	4,800	-	287
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>1,669</u>	<u>12,310</u>	<u>-</u>	<u>506</u>	<u>(60)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 131</u>	<u>\$ 1,669</u>	<u>\$ 12,310</u>	<u>\$ 4,800</u>	<u>\$ 506</u>	<u>\$ 227</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	Evenstart Family Literacy	English Language Civics Grant	Induction Leadership	Work Experience and Career Exploration Program	Illinois Violence Prevention Authority	Title I - Reading First - Part B SEA
REVENUES:						
Local sources	\$ 4,887	\$ -	\$ 1,710	\$ -	\$ 1,768	\$ -
State sources	-	-	-	-	19,500	-
Federal sources	243,754	133,625	-	-	-	28,819
Total revenues	<u>248,641</u>	<u>133,625</u>	<u>1,710</u>	<u>-</u>	<u>21,268</u>	<u>28,819</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	177,062	106,289	-	-	13,961	3,704
Employee benefits	30,335	17,139	-	-	2,621	310
Purchased services	30,360	6,009	1,710	-	2,627	26,314
Supplies and materials	9,232	4,158	-	-	-	8,145
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
Total expenditures	<u>246,989</u>	<u>133,595</u>	<u>1,710</u>	<u>-</u>	<u>19,209</u>	<u>38,473</u>
NET CHANGE IN FUND BALANCES	1,652	30	-	-	2,059	(9,654)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>1,352</u>	<u>(262)</u>	<u>(4,865)</u>	<u>-</u>	<u>1,459</u>	<u>11,220</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 3,004</u>	<u>\$ (232)</u>	<u>\$ (4,865)</u>	<u>\$ -</u>	<u>\$ 3,518</u>	<u>\$ 1,566</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	Implementing Math	Chestnut	Mentoring	SBC Foundation Grant	McLean County Jail Education Development
REVENUES:					
Local sources	\$ -	\$ 7,088	\$ -	\$ 2,626	\$ 15,400
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Total revenues	<u>-</u>	<u>7,088</u>	<u>-</u>	<u>2,626</u>	<u>15,400</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	-	8,755	-	-	16,416
Employee benefits	-	541	-	-	1,131
Purchased services	-	-	-	-	584
Supplies and materials	-	-	-	-	2,972
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Other objects	-	-	-	-	-
Total expenditures	<u>-</u>	<u>9,296</u>	<u>-</u>	<u>-</u>	<u>21,103</u>
NET CHANGE IN FUND BALANCES	-	(2,208)	-	2,626	(5,703)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,452)</u>	<u>(2,910)</u>	<u>(1,963)</u>	<u>68</u>	<u>30,512</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1,452)</u>	<u>\$ (5,118)</u>	<u>\$ (1,963)</u>	<u>\$ 2,694</u>	<u>\$ 24,809</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	<u>Donations Literacy Inservice</u>	<u>Youthbuild</u>	<u>Youth Impact</u>	<u>Alexander Workplace</u>	<u>Regional Safe Schools</u>
REVENUES:					
Local sources	\$ 2,003	\$ -	\$ 180,625	\$ 176	\$ 470,830
State sources	-	-	-	-	304,785
Federal sources	-	12,967	-	-	-
Total revenues	<u>2,003</u>	<u>12,967</u>	<u>180,625</u>	<u>176</u>	<u>775,615</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	-	-	7,600	-	504,953
Employee benefits	-	-	581	-	112,324
Purchased services	280	-	122,557	-	134,002
Supplies and materials	-	-	5,189	-	35,025
Capital outlay	-	5,400	-	-	40,487
Payments to other governments	-	12,967	-	-	-
Other objects	-	-	40,200	-	20,536
Total expenditures	<u>280</u>	<u>18,367</u>	<u>176,127</u>	<u>-</u>	<u>847,327</u>
NET CHANGE IN FUND BALANCES	1,723	(5,400)	4,498	176	(71,712)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>37,019</u>	<u>20,261</u>	<u>25,658</u>	<u>(176)</u>	<u>168,853</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 38,742</u>	<u>\$ 14,861</u>	<u>\$ 30,156</u>	<u>\$ -</u>	<u>\$ 97,141</u>

**SCHEDULE 5
(CONTINUED)**

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006**

	<u>Scoop Dreams GED</u>	<u>Scoop Dreams Grant</u>	<u>Continuum of Care</u>	<u>Livingston County Alternative School</u>	<u>Heart of Illinois Low Incidence</u>
REVENUES:					
Local sources	\$ -	\$ 4,287	\$ -	\$ 45,406	\$ 1,204,531
State sources	-	-	-	31,277	132,492
Federal sources	-	-	35,542	-	-
Total revenues	<u>-</u>	<u>4,287</u>	<u>35,542</u>	<u>76,683</u>	<u>1,337,023</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	-	12,011	29,294	71,274	17,898
Employee benefits	-	2,707	5,789	1,597	5,863
Purchased services	1,961	7,075	328	13,782	1,295,077
Supplies and materials	-	1,291	-	1,950	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	13,417
Other objects	-	-	-	-	-
Total expenditures	<u>1,961</u>	<u>23,084</u>	<u>35,411</u>	<u>88,603</u>	<u>1,332,255</u>
NET CHANGE IN FUND BALANCES	(1,961)	(18,797)	131	(11,920)	4,768
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>1,963</u>	<u>20,267</u>	<u>1,248</u>	<u>11,873</u>	<u>(3,259)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2</u>	<u>\$ 1,470</u>	<u>\$ 1,379</u>	<u>\$ (47)</u>	<u>\$ 1,509</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	Regional Alternative School	BroMenn Regional Healthcare	Title I Neglect	Illinois Reading Grant	Standards Aligned Classroom
REVENUES:					
Local sources	\$ 757,666	\$ -	\$ 4,715	\$ 2,000	\$ 55,889
State sources	-	-	-	-	97,773
Federal sources	-	-	-	-	-
Total revenues	<u>757,666</u>	<u>-</u>	<u>4,715</u>	<u>2,000</u>	<u>153,662</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	381,804	-	4,035	-	69,363
Employee benefits	57,982	-	649	-	1,797
Purchased services	150,543	1,118	-	-	77,032
Supplies and materials	7,360	-	31	-	8,961
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Other objects	14,871	-	-	-	-
Total expenditures	<u>612,560</u>	<u>1,118</u>	<u>4,715</u>	<u>-</u>	<u>157,153</u>
NET CHANGE IN FUND BALANCES	145,106	(1,118)	-	2,000	(3,491)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>523,304</u>	<u>1,118</u>	<u>-</u>	<u>-</u>	<u>66,517</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 668,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 63,026</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006**

	<u>Ross Grant</u>	<u>State Farm Grants</u>	<u>Title II Teacher Quality</u>	<u>Title V Innovative Program</u>	<u>Reluctant Learner</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ -	\$ 3,500	\$ -	\$ -	\$ -	\$ 2,812,668
State sources	-	-	-	-	-	1,127,440
Federal sources	-	-	15,000	8,234	-	755,452
Total revenues	<u>-</u>	<u>3,500</u>	<u>15,000</u>	<u>8,234</u>	<u>-</u>	<u>4,695,560</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	3,393	-	-	-	1,889,574
Employee benefits	-	260	-	-	-	303,791
Purchased services	-	-	15,000	-	-	2,143,912
Supplies and materials	-	52	-	-	-	126,413
Capital outlay	-	-	-	8,234	-	91,001
Payments to other governments	-	-	-	-	-	26,384
Other objects	-	-	-	-	-	75,607
Total expenditures	<u>-</u>	<u>3,705</u>	<u>15,000</u>	<u>8,234</u>	<u>-</u>	<u>4,656,682</u>
NET CHANGE IN FUND BALANCES	-	(205)	-	-	-	38,878
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(5,275)</u>	<u>9,104</u>	<u>1,923</u>	<u>-</u>	<u>(3,195)</u>	<u>937,374</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (5,275)</u>	<u>\$ 8,899</u>	<u>\$ 1,923</u>	<u>\$ -</u>	<u>\$ (3,195)</u>	<u>\$ 976,252</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2006

SCHEDULE 6

	Secretary of State's Literacy Grant				Truants Alternative/Optional Education				Adult Education Programs			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:												
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,532	\$ 7,532	\$ -	\$ -	\$ 11,776	\$ 11,776
State sources	68,000	68,000	68,000	-	82,445	82,445	82,445	-	165,382	165,382	267,967	102,585
Federal sources	-	-	-	-	-	-	-	-	107,032	107,032	106,435	(597)
Total revenues	68,000	68,000	68,000	-	82,445	82,445	89,977	7,532	272,414	272,414	386,178	113,764
EXPENDITURES:												
Current:												
Education:												
Salaries	46,093	46,093	51,597	(5,504)	65,794	65,794	72,899	(7,105)	262,266	262,266	263,969	(1,703)
Employee benefits	9,374	9,374	9,626	(252)	9,581	9,581	9,000	581	31,654	31,654	26,376	5,278
Purchased services	4,500	4,500	4,010	490	7,070	7,070	7,376	(306)	48,272	48,272	28,415	19,857
Supplies and materials	8,033	8,033	8,418	(385)	-	-	-	-	32,807	32,807	27,067	5,740
Capital outlay	-	-	-	-	-	-	-	-	-	-	36,880	(36,880)
Other objects	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	68,000	68,000	73,651	(5,651)	82,445	82,445	89,275	(6,830)	374,999	374,999	382,707	(7,708)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(5,651)</u>	<u>\$ (5,651)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>702</u>	<u>\$ 702</u>	<u>\$(102,585)</u>	<u>\$(102,585)</u>	<u>3,471</u>	<u>\$ 106,056</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			<u>5,911</u>				<u>(11,313)</u>				<u>17,225</u>	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ 260</u>				<u>\$ (10,611)</u>				<u>\$ 20,696</u>	

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2006

SCHEDULE 6
 (CONTINUED)

	SOS Family Literacy				Early Childhood Block Grant				Evenstart Family Literacy			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
REVENUES:												
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,887	\$ 4,887
State sources	35,000	35,000	35,000	-	88,201	88,201	88,201	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	112,000	278,655	243,754	(34,901)
Total revenues	35,000	35,000	35,000	-	88,201	88,201	88,201	-	112,000	278,655	248,641	(30,014)
EXPENDITURES:												
Current:												
Education:												
Salaries	23,740	23,740	24,115	(375)	68,367	45,747	46,639	(892)	86,506	195,075	177,062	18,013
Employee benefits	7,057	7,057	6,974	83	14,295	9,847	9,908	(61)	12,994	36,403	30,335	6,068
Purchased services	750	750	664	86	4,288	31,356	30,647	709	10,600	37,027	30,360	6,667
Supplies and materials	3,453	3,453	3,116	337	1,251	1,251	720	531	700	10,050	9,232	818
Capital outlay	-	-	-	-	-	-	-	-	1,200	100	-	100
Other objects	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	35,000	35,000	34,869	131	88,201	88,201	87,914	287	112,000	278,655	246,989	31,666
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>131</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>287</u>	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,652</u>	<u>\$ 1,652</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			-				(60)				1,352	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ 131</u>				<u>\$ 227</u>				<u>\$ 3,004</u>	

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2006

SCHEDULE 6
 (CONTINUED)

	English Language Civics Grant				Illinois Violence Prevention Authority				Title I - Reading First - Part B SEA			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
REVENUES:												
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,768	\$ 1,768	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	19,500	19,500	19,500	-	-	-	-	-
Federal sources	134,000	134,000	133,625	(375)	-	-	-	-	28,819	28,819	28,819	-
Total revenues	134,000	134,000	133,625	(375)	19,500	19,500	21,268	1,768	28,819	28,819	28,819	-
EXPENDITURES:												
Current:												
Education:												
Salaries	107,231	107,231	106,289	942	14,520	14,520	13,961	559	807	807	3,704	(2,897)
Employee benefits	17,087	17,087	17,139	(52)	1,830	1,830	2,621	(791)	202	202	310	(108)
Purchased services	7,182	7,182	6,009	1,173	3,150	3,150	2,627	523	19,810	19,810	26,314	(6,504)
Supplies and materials	2,500	2,500	4,158	(1,658)	-	-	-	-	8,000	8,000	8,145	(145)
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	134,000	134,000	133,595	405	19,500	19,500	19,209	291	28,819	28,819	38,473	(9,654)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	30	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	2,059	<u>\$ 2,059</u>	<u>\$ -</u>	<u>\$ -</u>	(9,654)	<u>\$ (9,654)</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			(262)				1,459				11,220	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ (232)</u>				<u>\$ 3,518</u>				<u>\$ 1,566</u>	

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2006

SCHEDULE 6
 (CONTINUED)

	McLean County Jail Education Development				Regional Safe Schools				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
REVENUES:												
Local sources	\$ 15,400	\$ 15,400	\$ 15,400	\$ -	\$ -	\$ -	\$ 470,830	\$ 470,830	\$ 15,400	\$ 15,400	\$ 512,193	\$ 496,793
State sources	-	-	-	-	304,785	304,785	304,785	-	763,313	763,313	865,898	102,585
Federal sources	-	-	-	-	-	-	-	-	381,851	548,506	512,633	(35,873)
Total revenues	15,400	15,400	15,400	-	304,785	304,785	775,615	470,830	1,160,564	1,327,219	1,890,724	563,505
EXPENDITURES:												
Current:												
Education:												
Salaries	15,400	15,400	16,416	(1,016)	129,965	129,965	504,953	(374,988)	820,689	906,638	1,281,604	(374,966)
Employee benefits	-	-	1,131	(1,131)	34,736	34,736	112,324	(77,588)	138,810	157,771	225,744	(67,973)
Purchased services	-	-	584	(584)	127,120	127,120	134,002	(6,882)	232,742	286,237	271,008	15,229
Supplies and materials	-	-	2,972	(2,972)	12,964	12,964	35,025	(22,061)	69,708	79,058	98,853	(19,795)
Capital outlay	-	-	-	-	-	-	40,487	(40,487)	1,200	100	77,367	(77,267)
Other objects	-	-	-	-	-	-	20,536	(20,536)	-	-	20,536	(20,536)
Total expenditures	15,400	15,400	21,103	(5,703)	304,785	304,785	847,327	(542,542)	1,263,149	1,429,804	1,975,112	(545,308)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(5,703)</u>	<u>\$ (5,703)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(71,712)</u>	<u>\$ (71,712)</u>	<u>\$ (102,585)</u>	<u>\$ (102,585)</u>	<u>(84,388)</u>	<u>\$ 18,197</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			30,512				168,853				224,897	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ 24,809</u>				<u>\$ 97,141</u>				<u>\$ 140,509</u>	

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2006**

ASSETS	Bus Driver Training	General Education Development	Supervisory	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash (overdrafts) and cash equivalents	\$ (4,004)	\$ 24,490	\$ 2,304	\$ 22,790
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Unreserved	<u>(4,004)</u>	<u>24,490</u>	<u>2,304</u>	<u>22,790</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (4,004)</u>	<u>\$ 24,490</u>	<u>\$ 2,304</u>	<u>\$ 22,790</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2006

	<u>Bus Driver Training</u>	<u>General Education Development</u>	<u>Supervisory</u>	<u>Totals</u>
REVENUES:				
Local sources	\$ 4,411	\$ 16,151	\$ -	\$ 20,562
State sources	-	-	3,000	3,000
Total revenues	<u>4,411</u>	<u>16,151</u>	<u>3,000</u>	<u>23,562</u>
EXPENDITURES:				
Current:				
Education:				
Salaries	-	750	-	750
Employee benefits	-	57	-	57
Purchased services	4,582	10,435	2,087	17,104
Supplies and materials	2,578	1,450	-	4,028
Total expenditures	<u>7,160</u>	<u>12,692</u>	<u>2,087</u>	<u>21,939</u>
NET CHANGE IN FUND BALANCE	(2,749)	3,459	913	1,623
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,255)</u>	<u>21,031</u>	<u>1,391</u>	<u>21,167</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (4,004)</u>	<u>\$ 24,490</u>	<u>\$ 2,304</u>	<u>\$ 22,790</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2006**

	Distributive Fund	Regional Board of School Trustees Fund	Cooperative Purchasing Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,510	\$ 4,625	\$ 139,940	\$ 147,075
LIABILITIES				
Due to other governments	\$ 2,510	\$ 4,625	\$ 139,940	\$ 147,075

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2006**

SCHEDULE 10

	<u>Balance, July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2006</u>
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 2,154	\$ 8,650,139	\$ 8,649,783	\$ 2,510
LIABILITIES				
Due to other governments	\$ 2,154	\$ 8,650,139	\$ 8,649,783	\$ 2,510
 REGIONAL BOARD OF SCHOOL TRUSTEES FUND				
ASSETS				
Cash and cash equivalents	\$ 5,316	\$ 3,000	\$ 3,691	\$ 4,625
LIABILITIES				
Due to other governments	\$ 5,316	\$ 3,000	\$ 3,691	\$ 4,625
 COOPERATIVE PURCHASING FUND				
ASSETS				
Cash and cash equivalents	\$ 122,261	\$ 401,293	\$ 383,614	\$ 139,940
LIABILITIES				
Due to other governments	\$ 122,261	\$ 401,293	\$ 383,614	\$ 139,940
 TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 129,731	\$ 9,054,432	\$ 9,037,088	\$ 147,075
LIABILITIES				
Due to other governments	\$ 129,731	\$ 9,054,432	\$ 9,037,088	\$ 147,075

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES

SCHEDULE 11

REGIONAL OFFICE OF EDUCATION #17

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES

June 30, 2006

Program	Cornell District 70	Cornell District 426	Flanagan District 4	Livingston County Alternative Ed	Livingston County Special Services	Mackinaw Valley Special Education	Rooks Creek CSD 425	Regional Office of Education	Totals
General State Aid	\$ 176,292	\$ 392,538	\$ 934,713	\$ 32,636	\$ -	\$ -	\$ 20,986	\$ 907,212	\$ 2,464,377
Feasibility Study	-	-	-	-	-	-	-	5,500	5,500
Transition Assistance	-	56,744	-	-	-	-	1,151	-	57,895
Special Education Private Facility	21,913	2,517	12,636	-	-	-	-	-	37,066
Special Education Extraordinary	13,290	24,170	25,703	-	-	-	5,980	-	69,143
Special Education Personnel	-	15,150	42,349	-	238,951	6,000	624	158,517	461,591
Summer Special Education	-	197	1,521	-	-	-	-	-	1,718
Illinois Free Lunch	-	1,361	2,313	-	530	-	35	944	5,183
Breakfast Illinois	-	-	12	-	-	-	-	-	12
Driver's Education	-	-	6,102	-	-	-	-	-	6,102
Transportation Regular	31,056	30,545	87,449	-	-	-	34,392	-	183,442
Transportation Special Education	11,801	9,161	74,962	-	7,235	-	-	-	103,159
Bus Driver Trainings	-	-	-	-	-	-	-	1,440	1,440
National Board Certification	-	-	4,396	-	-	-	-	-	4,396
Truant Alternative Optional Education	-	-	-	-	-	-	-	82,445	82,445
Regional Safe School Program	-	-	-	-	-	-	-	304,785	304,785
Early Childhood Block Grant	-	-	57,882	-	-	-	-	83,780	141,662
Reading Improvement Block Grant	-	7,073	11,175	-	-	-	1,952	-	20,200
Safety Education Block Grant	2,322	4,503	10,816	-	-	-	1,779	-	19,420
National School Lunch Program	-	16,683	34,396	-	5,476	-	1,488	12,967	71,010
School Breakfast Program	-	5,496	7,947	-	2,967	-	479	-	16,889
Title I Low Income - Neglected	-	23,691	33,602	-	-	-	-	-	57,293
Title I Low Income	-	-	27,085	-	-	-	-	-	27,085
Even Start Family Literacy	-	-	-	-	-	-	-	249,913	249,913
Preschool Special Ed.	-	-	-	-	90,367	73,494	-	-	163,861
IDEA Special Ed. Flow Through	-	-	-	-	1,545,324	2,427,186	-	-	3,972,510
Room and Board Special Ed.	753	-	-	-	-	-	-	-	753
Title IV - Safe & Drug Free Schools - Formula	-	713	1,691	-	-	-	125	-	2,529
Title II Teacher Quality	-	4,546	14,708	-	-	-	2,710	-	21,964
Title V Innovative Programs - Formula	-	444	983	-	-	-	128	-	1,555
Technology	-	409	1,124	-	-	-	-	-	1,533
Supervisory	-	-	-	-	-	-	-	3,000	3,000
ROE/ESC Operations	-	-	-	-	-	-	-	90,352	90,352
Totals	\$ 257,427	\$ 595,941	\$1,393,565	\$ 32,636	\$ 1,890,850	\$ 2,506,680	\$ 71,829	\$ 1,900,855	\$ 8,649,783

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006**

Federal Grantor/Pass- Through Grantor, Program or Cluster Title	CFDA Number	Project Number (1st 8 digits) or Contract #	Federal Expenditures 7/1/05 - 6/30/06
U.S. Department of Agriculture passed through			
Illinois State Board of Education:			
School Breakfast Program	10.553	06-4220-00	\$ 2,040
National School Lunch Program	10.555	05-4210-00	2,302
National School Lunch Program	10.555	06-4210-00	8,625
			<u>10,927</u>
Total U.S. Department of Agriculture			<u>12,967</u>
U.S. Department of Education passed through			
Illinois State Board of Education:			
(M) Evenstart Family Literacy	84.213C	05-4335-00	1,383
(M) Evenstart Family Literacy	84.213C	06-4335-00	122,743
(M) Evenstart Family Literacy	84.213C	05-4335-01	3,442
(M) Evenstart Family Literacy	84.213C	06-4335-01	116,186
			<u>243,754</u>
Title I - Reading First Part B SEA	84.357A	06-4337-02	<u>38,473</u>
Regional Office of Education No. 32 - I-Kan:			
Title I - School Improvement and Accountability	84.010A	05-4331-00	120,995
Title II - Teacher Quality	84.367	06-4935-SS	15,000
Title V - Innovative Programs	84.298A	05-4105-SS	8,234
			<u>144,229</u>
Illinois Community College Board:			
(M) Adult Education	84.002A	06-4800-00	106,435
(M) Adult Education-EL. Civics	84.002A	06-4805-00	133,595
Total Adult Education			<u>240,030</u>
Illinois Department of Human Services			
Step Grant	84.126	40C5001581	17,620
Step Grant	84.126	40C6001581	32,461
			<u>50,081</u>
Total U.S. Department of Education			<u>716,567</u>
U.S. Department of Housing and Urban Development:			
Housing Authority of the City of Bloomington			
Continuum of Care	14.235	06-4099-00	<u>35,411</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 764,945</u></u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006**

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #17 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of these basic financial statements.

NOTE 2 - SUBRECIPIENTS

NONE

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Evenstart Family Literacy: This program provides early childhood education, adult English as a Second Language education, parenting and parent-child interactions for low income and limited English speaking families with children aged 6 weeks to 3 years.

Adult Education: This program is funded by the Illinois Community College Board to assist individuals with literacy, GED prep, and English as a Second Language classes.

NOTE 4 - NON-CASH ASSISTANCE

NONE

NOTE 5 - AMOUNT OF INSURANCE

NONE

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

NONE

This information is an integral part of the accompanying schedule.