

State of Illinois
LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION No. 47
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2007

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



**LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
FOR THE YEAR ENDED JUNE 30, 2007**

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LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47

AGENCY OFFICIALS

Regional Superintendent
Current and during audit period

Ms. Amy Jo Clemens

Assistant Regional Superintendent
7/1/07 – Current
6/1/07 – 6/30/07
7/1/06 – 5/31/07

Mr. Paul McMahon
Ms. Lois Porter
Ms. Sarah Willey

Agency offices are located at:

7772 Clinton St.
Dixon, IL 61021

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Findings	0	4
Repeated findings	0	3
Prior recommendations implemented or not repeated	4	0

SUMMARY OF FINDINGS AND QUESTIONED COSTS

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

-N/A-

FINDINGS AND QUESTIONED COSTS (*FEDERAL COMPLIANCE*)

-N/A-

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

06-01	13	Controls over compliance with laws and regulations
06-02	13	Preparation of financial statements
06-03	13	Controls over financial reporting
06-04	13	Under-collateralization of bank accounts

PRIOR FINDINGS NOT REPEATED (*FEDERAL COMPLIANCE*)

-N/A-

EXIT CONFERENCE

An informal exit conference was held via telephone with agency personnel on June 3, 2008. Attending were Ms. Amy Jo Clemens, Regional Superintendent and Ms. Paula McCoy, Bookkeeper from Lee/Ogle Counties Regional Office of Education No. 47; and Ms. Maria de J. Prado, Partner and Ms. Cecilia Salinas, Manager from Prado & Renteria CPAs, Prof. Corp.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Lee/Ogle Counties Regional Office of Education No. 47 was performed by Prado & Renteria CPAs, Prof. Corp.

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



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2007, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express opinions on these financial statements based on our audit.

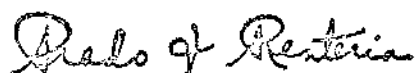
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 Lee/Ogle Counties Regional Office of Education No. 47, as of June 30, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2008 on our consideration of the Lee/Ogle Counties Regional Office of Education No. 47'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 14 through 20, and page 47, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Chicago, Illinois
August 29, 2008



**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 Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2007, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements and have issued our report thereon dated August 29, 2008. 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 Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

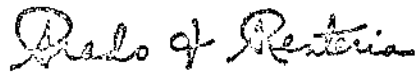
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lee/Ogle Counties Regional Office of Education No. 47'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*.

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.



Chicago, Illinois
August 29, 2008



**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 Lee/Ogle Counties Regional Office of Education No. 47 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, 2007. The Lee/Ogle Counties Regional Office of Education No. 47'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 Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express an opinion on the Lee/Ogle Counties Regional Office of Education No. 47'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 Lee/Ogle Counties Regional Office of Education No. 47's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Lee/Ogle Counties Regional Office of Education No. 47's compliance with those requirements.

In our opinion, the Lee/Ogle Counties Regional Office of Education No. 47 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, 2007.

Internal Control Over Compliance

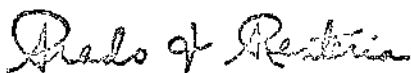
The management of the Lee/Ogle Counties Regional Office of Education No. 47 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Lee/Ogle Counties Regional Office of Education No. 47'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.



Chicago, Illinois
August 29, 2008

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Part 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
- Significant Deficiency(ies) identified that are not considered to be material weakness (es) _____ yes X no
- Noncompliance material to financial Statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weakness (es) _____ yes X none reported

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

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
<u>84.196</u>	<u>McKinney- Education for Homeless Children</u>

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

Auditee qualified as low-risk auditee: X yes _____ no

**LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part II: Findings Related to the Financial Statements: -N/A-

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs for Federal Awards: -N/A-

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
06-01	A. Public Act 95-496 repealed the requirements of Illinois School Code 105 ILCS 5/3-14.11.	Resolved
	B. Public Act 95-496 repealed the requirements of Illinois School Code 105 ILCS 5/3-14.5.	Resolved
06-02	Preparation of Financial Statements	Not Repeated
06-03	Controls over Financial Reporting	Not Repeated
06-04	Under-collateralization of Bank Accounts	Not Repeated

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

As management of Lee/Ogle Counties Regional Office of Education No. 47, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of Lee/Ogle Counties Regional Office of Education No. 47 for the year ended June 30, 2007.

Management's Discussion and Analysis ("MD&A") is provided at the beginning of the report to provide an overview of Lee/Ogle Counties Regional Office of Education No. 47's financial position at June 30, 2007 and the results of operations for the year then ended. This summary should not be taken as a replacement for the audit report, which consists of the financial statements, notes to the financial statements, required and other supplementary information.

Using This Financial Report

The financial section of this annual report consists of five parts – Independent Auditor's Reports, required supplementary information which includes the MD&A (this section) and the Illinois Municipal Retirement Fund – Schedule of Funding Progress, the basic financial statements, notes to the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of Lee/Ogle Counties Regional Office of Education No. 47: 1) government-wide financial statements and 2) fund financial statements.

Government – Wide Financial Statements

The first two statements are government-wide financial statements that provide both short-term and long-term information about Lee/Ogle Counties Regional Office of Education No. 47's overall financial status, similar to a private sector business. In the government-wide financial statements, activities are shown in two categories – governmental and business-type activities. Lee/Ogle Counties Regional Office of Education No. 47's basic service is education. These activities are largely financed with local, state and federal revenues.

The Statement of Net Assets presents information on all of Lee/Ogle Counties Regional Office of Education No. 47's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Lee/Ogle Counties Regional Office of Education No. 47 is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. The financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenditures and liabilities are recognized when the service or goods are received.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2007

Fund Financial Statements

The fund financial statements provide more detailed information about Lee/Ogle Counties Regional Office of Education No. 47's funds – not Lee/Ogle Counties Regional Office of Education No. 47 as a whole. Funds are specific segregations of cash and accounting devices Lee/Ogle Counties Regional Office of Education No. 47 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, while others are established to control and manage money for particular purposes or to show that Lee/Ogle Counties Regional Office of Education No. 47 is properly using certain revenues.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each. By doing so, readers may better understand the long-term impact of Lee/Ogle Counties Regional Office of Education No. 47's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Lee/Ogle Counties Regional Office of Education No. 47 maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for all these funds. These funds are considered major funds of Lee/Ogle Counties Regional Office of Education No. 47. Major funds are separately reported while non-major funds are combined into a single aggregated presentation. More detail of the individual revenues and expenditures for non-major funds is presented in the supplementary section of this report.

Lee/Ogle Counties Regional Office of Education No. 47 is not legally required to adopt budgets. Lee/Ogle Counties Regional Office of Education No. 47 is required by Illinois State Board of Education (ISBE), the granting agency, to adopt annual budgets for certain program money received by the Education Fund of the governmental funds. Budgetary Comparison Schedules have been provided as supplementary information for the general fund accounts – ROE operations and the major education fund, which is in compliance with Governmental Accounting Standards Board ("GASB") Statement No. 34.

Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. The proprietary funds are reported in separate Statements of Net Assets, of Revenues, Expenses and Changes in Fund Net Assets and of Cash Flows.

The last category of funds is the Fiduciary Funds (including Private-Purpose Trust and Agency Funds). The Regional Office of Education is the trustee, or agent, for assets that belong to others or are designated to be used for a specific purpose. Lee/Ogle Counties Regional Office of Education No. 47 is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. Lee/Ogle Counties Regional Office of Education No. 47's agency activities are reported in a separate Statement of Fiduciary Net Assets – Fiduciary Funds and Statement of Changes in Fiduciary Net Assets – Fiduciary Funds. These activities are excluded from the government-wide financial statements because Lee/Ogle Counties Regional Office of Education No. 47 cannot use these assets to finance its operations.

**LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2007**

Net assets are summarized in the table below.

**CONDENSED STATEMENT OF NET ASSETS
AS OF JUNE 30,**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
ASSETS:						
Current Assets	\$439,331	\$373,754	\$58,712	\$0	\$498,043	\$373,754
Capital Assets	70,058	85,203	0	0	70,058	85,203
TOTAL ASSETS	509,389	458,957	58,712	0	568,101	458,957
LIABILITIES:						
Current Liabilities	87,212	72,037	1,389	0	88,601	72,037
Non-current Liabilities	0	0	0	0	0	0
TOTAL LIABILITIES	87,212	72,037	1,389	0	88,601	72,037
NET ASSETS:						
Invested Capital Assets	70,058	85,203	0	0	70,058	85,203
Unrestricted	296,114	213,256	57,323	0	353,437	213,256
Restricted for Teacher Professional Development	56,005	88,461	0	0	56,005	88,461
TOTAL NET ASSETS	\$422,177	\$386,920	\$57,323	0	\$479,500	\$386,920

Current assets of the governmental activities consist of cash, \$406,025 and due from other governments, \$33,306 as of June 30, 2007. Current assets of the business-type activities consist of cash, \$57,390 and due from other governments, \$1,322 as of June 30, 2007.

As of June 30, 2007, Lee/Ogle Counties Regional Office of Education No. 47 had no outstanding long-term debt.

Lee/Ogle Counties Regional Office of Education No. 47's net assets consist of funds invested in capital assets and unrestricted net assets, which represent net assets that have not been restricted by an outside party. This includes funds that have been designated for specific uses as well as amounts that are contractually committed for goods and services. Net assets related to the Institute Fund are considered restricted for teacher professional development.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2007

Revenues, expenditures, and changes in net assets are summarized in the table below.

CONDENSED STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING JUNE 30,

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
REVENUES:						
Program:						
Operating grants and contributions	\$1,642,081	\$1,383,073	\$0	\$0	\$1,642,081	\$1,383,073
Charges for services	0	0	158,188	0	158,188	0
General:						
Local sources	339,632	407,552	0	0	339,632	407,552
On-behalf payments	287,367	262,294	0	0	287,367	262,294
Interest	<u>5,590</u>	<u>11,808</u>	<u>0</u>	<u>0</u>	<u>5,590</u>	<u>11,808</u>
TOTAL REVENUE	<u>2,274,670</u>	<u>2,064,727</u>	<u>158,188</u>	<u>0</u>	<u>2,432,858</u>	<u>2,064,727</u>
EXPENSES						
Salaries	583,061	471,807	0	0	583,061	471,807
Benefits	87,164	64,039	776	0	87,940	64,039
Professional and technical services	524,319	648,897	154,590	0	678,909	648,897
General supplies	75,145	84,824	7,668	0	82,813	84,824
Capital outlay	(4,778)	(21,500)	0	0	(4,778)	(21,500)
Other objects	2,398	9,868	0	0	2,398	9,868
Payments to other governments	598,484	460,925	0	0	598,484	460,925
Depreciation	24,084	19,324	0	0	24,084	19,324
On-behalf payments	<u>287,367</u>	<u>262,294</u>	<u>0</u>	<u>0</u>	<u>287,367</u>	<u>262,294</u>
TOTAL EXPENSES	<u>2,177,244</u>	<u>2,000,478</u>	<u>163,034</u>	<u>0</u>	<u>2,340,278</u>	<u>2,000,478</u>
Change in net assets	97,426	64,249	(4,846)	0	92,580	64,249
Net assets, beginning	386,920	322,671	0	0	386,920	322,671
Fund reclassifications	<u>(62,169)</u>	<u>0</u>	<u>62,169</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net assets, ending	<u>\$ 422,177</u>	<u>\$ 386,920</u>	<u>\$57,323</u>	<u>\$0</u>	<u>\$ 479,500</u>	<u>\$ 386,920</u>

Major sources of operating revenues for Lee/Ogle Counties Regional Office of Education No. 47 include: Federal and State grants, teacher certificate fees and intergovernmental revenue.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2007

Management's Analysis of the Regional Office of Education's Overall Financial Position and Results of Operations

During the year ended June 30, 2007, the ROE invested \$8,939 to purchase office equipment. In addition, the ROE reported \$24,084 of depreciation expense.

During the year, total revenue increased by \$368,131 from \$2,064,727 for the fiscal year ended June 30, 2006 to \$2,432,858 for the fiscal year ended June 30, 2007.

Although funding has been reduced for several programs, the overall increase in revenue of \$368,131 resulted from:

Governmental Activities

General Fund – There was an overall decrease in total revenues of \$108,725. A significant portion of the decrease was a result of the ROE reporting charges for services relating to the School Improvement Plan and Workshops Funds as Business-Type Activities. This type of revenue, which was previously reported under Governmental Activities - General Fund, resulted in a decrease in revenue of \$158,188 in the General Fund.

Education Fund – Revenue increased by \$328,333 due to additional funding for several significant programs such as the McKinney-Vento Homeless Education Program, Regional Safe School Program (RSSP-GSA) ALOP-GSA, Illinois Mentoring Pilot Project, Preschool for All, Preschool Monitoring, and Fine Arts Grant.

Institute Fund – Revenues decreased by \$8,747 due to decreased activity in teacher certifications.

Non-major Funds – Expenditures and revenues had no remarkable change for FY 07 in the non-major funds such as General Education Development Services (GED), GED for Department of Corrections, Lee County Film Coop or Bus Driver Training.

Business-Type Activities

Charges for services relating to the School Improvement Plan and Workshops Funds were reported under Business-Type Activities. This type of revenue, which was previously reported under Governmental Activities - General Fund, resulted in an increase in revenue of \$158,188 in the Business-Type Activities.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2007

During the year, total expenditures increased by \$339,800 from \$2,000,478 for the fiscal year ended June 30, 2006 to \$2,340,278 for the fiscal year ended June 30, 2007. This increase resulted from:

Governmental Activities

General Fund – There was a decrease in total expenditures of \$184,614. A significant portion of the decrease was a result of the ROE reporting expenses relating to the School Improvement Plan and Workshops Funds as Business-Type Activities. These types of expenses, which were previously reported under Governmental Activities - General Fund, resulted in a decrease in expenditures of \$163,034 in the General Fund.

Education Fund – Expenses increased by \$271,275 due to related increases in funding for several significant programs such as the McKinney-Vento Homeless Education Program, Regional Safe School Program (RSSP-GSA) ALOP-GSA, Illinois Mentoring Pilot Project, Preschool for All, Preschool Monitoring, and Fine Arts Grant.

Institute Fund – Expenditures increased by \$45,047 due to the initiation of the three year professional development project culminating in FY 2009 with a region-wide institute day involving all 1300 educators in the region.

Business-Type Activities

The School Improvement Plan and the Workshop funds, which were previously reported under the General Fund, were reclassified to the Proprietary Fund. The impact was an increase in expenses in the Proprietary Fund of \$163,034.

Total revenues for fiscal year 2007 were \$2,432,858 and total expenditures were \$2,340,278 resulting in a change in net assets of \$92,580 from July 1, 2006 to June 30, 2007.

In terms of programs, in FY2007 the Lee/Ogle ROE was able to increase services in a few programs: Alternative Learning Opportunities Program at the Nachusa Campus School, Truants and Alternative Optional Education Program, and McKinney Vento Homeless Education Program. The ROE was able to begin some new programs: Social Emotional Learning Program, Illinois Teacher Mentoring Pilot Project, Fine Arts Program, Preschool Monitoring Project, and Preschool for All. Unfortunately, other programs were reduced or eliminated in 2007: Standards Aligned Classroom, Illinois Math and Science Partnerships, and Paraprofessional Training.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2007

Factors or Conditions Impacting Future Periods

As could be seen in 2007, the state and federal grants are fluid, some have small increases and others experience decreases. Our expectation for 2008 is that, in general, programs addressing the needs of at-risk students will continue to have increases as follows:

Truants Alternative Optional Educational Program	\$10,925
Alternative Learning Opportunities Program	\$33,816
Regional Safe School Program	\$48,780
System of Support	\$88,890

The other trend is that, in general, programs for educator professional development will continue to be level-funded or have reductions as follows:

Learning Technology Hub	\$15,085
McKinney –Vento Homeless Education	\$32,872
Fine Arts Grant	\$38,000
Illinois Pilot Mentoring Project	Level-funded
English Language Learning Grant	Level-funded

Fortunately, the Illinois state line item for ROE School Services will increase by \$1,611 to a total of \$80,616 next year but will still be far below the 2003 level of \$158,095.

At this time, the greatest unfunded or under-funded programs are several statutorily mandated services. The costs to serve in these areas continue to rise, but the legislated payments have not been increased to keep pace. This includes: Bus Driver training has maintained a \$4 per driver fee for more than 10 years, teacher registration fees have maintained a \$5 per year fee for many years, and GED testing fees have not been increased in several years and do not cover expenses. Another concern with the ability to provide regulatory responsibilities lies with the county-funded services: compliance visits, health/life-safety paperwork and teacher certification. Due to the overall financial condition of the state, the individual counties have had to reduce expenditures, which means that county support for the offices has not increased proportionately and is expected to continue to under-pace expenditures.

It is expected that the Lee/Ogle ROE will initiate more federal grants to meet the needs of the students and districts in the region and offset the reduction in some of these programs. Areas being considered include Teaching American History, Environmental Protection Agency and programs for at-risk youth such as the Elementary Counseling Grant, or Emergency Crisis Preparedness and Management Grant.

Contacting the Regional Office of Education No. 47's Financial Management

This financial report is designed to provide the Regional Office of Education No. 47's citizens, taxpayers, customers, and constituents with a general overview of the Regional Office of Education No. 47's finances and to demonstrate the Regional Office of Education No. 47's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Office of Education No. 47, 7772 Clinton Street, Dixon, IL 61021.

BASIC FINANCIAL STATEMENTS

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$406,025	\$57,390	\$463,415
Due from other governments	33,306	1,322	34,628
Total current assets	439,331	58,712	498,043
Noncurrent assets:			
Capital assets, being depreciated, net	70,058	-	70,058
TOTAL ASSETS	509,389	58,712	568,101
LIABILITIES			
Current Liabilities:			
Accounts payable	2,815	1,389	4,204
Due to other governments	1,437	0	1,437
Deferred revenue	82,960	0	82,960
TOTAL LIABILITIES	87,212	1,389	88,601
NET ASSETS			
Invested in Capital Assets	70,058	0	70,058
Unrestricted	296,114	57,323	353,437
Restricted for teacher professional development	56,005	0	56,005
TOTAL NET ASSETS	\$422,177	\$57,323	\$479,500

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating		Primary Government		
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries	\$583,061	\$0	\$593,298	\$10,237	\$0	\$10,237
Benefits	87,164	0	84,541	(2,623)	0	(2,623)
Professional and technical services	524,319	0	405,132	(119,187)	0	(119,187)
General Supplies	75,145	0	55,366	(19,779)	0	(19,779)
Capital Outlay	(4,778)	0	4,161	8,939	0	8,939
Other Objects	2,398	0	0	(2,398)	0	(2,398)
Payments to other governments	598,484	0	499,583	(98,901)	0	(98,901)
Depreciation expense	24,084	0	0	(24,084)	0	(24,084)
Administrative:						
On-behalf payments	287,367	0	0	(287,367)	0	(287,367)
Total governmental activities	<u>2,177,244</u>	<u>0</u>	<u>1,642,081</u>	<u>(535,163)</u>	<u>0</u>	<u>(535,163)</u>
Business-type activities:						
Other	163,034	158,188	0	0	(4,846)	(4,846)
Total business-type activities	<u>163,034</u>	<u>158,188</u>	<u>-</u>	<u>-</u>	<u>(4,846)</u>	<u>(4,846)</u>
Total primary government	<u>\$2,340,278</u>	<u>\$158,188</u>	<u>\$1,642,081</u>	<u>(\$535,163)</u>	<u>(\$4,846)</u>	<u>(\$540,009)</u>
General revenues:						
Local sources				\$339,632	\$0	\$339,632
On-behalf payments				287,367	0	287,367
Interest				5,590	0	5,590
Transfers				0	0	0
Total general revenues, special and extraordinary items, and transfers				<u>632,589</u>	<u>0</u>	<u>632,589</u>
Change in net assets				97,426	(4,846)	92,580
Net assets - beginning				386,920	0	386,920
Fund reclassification				(62,169)	62,169	0
Net assets - ending				<u>\$422,177</u>	<u>\$57,323</u>	<u>\$479,500</u>

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	\$204,934	\$145,447	\$54,316	\$1,328	\$406,025
Due from other governments	14,595	12,768	1,689	4,254	33,306
Total assets	<u>\$219,529</u>	<u>\$158,215</u>	<u>\$56,005</u>	<u>\$5,582</u>	<u>\$439,331</u>
LIABILITIES					
Accounts payable	\$718	\$1,547	\$0	\$550	\$2,815
Due to other governments	0	1,437	0	0	1,437
Deferred revenue	0	82,960	0	0	82,960
Total liabilities	<u>718</u>	<u>85,944</u>	<u>0</u>	<u>550</u>	<u>87,212</u>
FUND BALANCES					
Fund balance, unreserved - Special Revenue	0	72,271	56,005	5,032	133,308
Fund balance, unreserved - General	218,811	0	0	0	218,811
Total fund balances	<u>218,811</u>	<u>72,271</u>	<u>56,005</u>	<u>5,032</u>	<u>352,119</u>
Total liabilities and fund balance	<u>\$219,529</u>	<u>\$158,215</u>	<u>\$56,005</u>	<u>\$5,582</u>	<u>\$439,331</u>

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2007

Total fund balance - governmental fund	\$352,119
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>70,058</u>
Net assets of governmental activities	<u><u>\$422,177</u></u>

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
REVENUES					
Local sources					
Intergovernmental	\$247,908	\$6,380	\$22,375	\$0	\$276,663
Services	12,061	21,500	0	29,408	62,969
Interest	5,590	0	0	0	5,590
Total local sources	<u>265,559</u>	<u>27,880</u>	<u>22,375</u>	<u>29,408</u>	<u>345,222</u>
State sources	79,005	872,783	0	2,600	954,388
Federal sources	0	687,693	0	0	687,693
Total direct revenues	<u>344,564</u>	<u>1,588,356</u>	<u>22,375</u>	<u>32,008</u>	<u>1,987,303</u>
On-behalf payments	<u>287,367</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>287,367</u>
Total revenues	<u>631,931</u>	<u>1,588,356</u>	<u>22,375</u>	<u>32,008</u>	<u>2,274,670</u>
EXPENDITURES					
Salaries	78,726	502,873	0	1,462	583,061
Benefits	11,083	75,823	0	258	87,164
Professional and technical services	69,187	377,165	50,721	27,246	524,319
General supplies	7,074	55,320	4,110	8,641	75,145
Capital outlay	0	4,161	0	0	4,161
Payments to other governments	78,451	519,483	0	550	598,484
Other objects	2,189	0	0	209	2,398
Total direct expenditures	<u>246,710</u>	<u>1,534,825</u>	<u>54,831</u>	<u>38,366</u>	<u>1,874,732</u>
On-behalf payments	<u>287,367</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>287,367</u>
Total expenditures	<u>534,077</u>	<u>1,534,825</u>	<u>54,831</u>	<u>38,366</u>	<u>2,162,099</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	97,854	53,531	(32,456)	(6,358)	112,571
FUND BALANCE, UNRESERVED					
BEGINNING OF YEAR	205,926	(4,060)	88,461	11,390	301,717
FUND RECLASSIFICATION	<u>(84,969)</u>	<u>22,800</u>	<u>0</u>	<u>0</u>	<u>(62,169)</u>
FUND BALANCE, UNRESERVED					
END OF YEAR	<u>\$218,811</u>	<u>\$72,271</u>	<u>\$56,005</u>	<u>\$5,032</u>	<u>\$352,119</u>

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

**LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

Net change in fund balances		\$112,571
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of depreciable assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$8,939	
Depreciation expense	<u>(24,084)</u>	<u>(15,145)</u>
Change in net assets of governmental activities		<u>\$97,426</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

Business-Type Activities (Enterprise Funds)

	<u>School Improvement Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$8,818	\$48,572	\$57,390
Due from other governments	<u>1,172</u>	<u>150</u>	<u>1,322</u>
TOTAL ASSETS	<u><u>\$9,990</u></u>	<u><u>\$48,722</u></u>	<u><u>\$58,712</u></u>
 LIABILITIES			
Current Liabilities			
Accounts payable	<u>\$0</u>	<u>\$1,389</u>	<u>\$1,389</u>
 NET ASSETS			
Unrestricted	<u><u>\$9,990</u></u>	<u><u>\$47,333</u></u>	<u><u>\$57,323</u></u>

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities (Enterprise Funds)</u>		
	<u>School Improvement Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	<u>\$45,557</u>	<u>\$112,631</u>	<u>\$158,188</u>
OPERATING EXPENSES			
Benefits	0	776	776
Professional and technical services	37,741	116,849	154,590
General supplies	<u>1,810</u>	<u>5,858</u>	<u>7,668</u>
Total operating expenses	<u>39,551</u>	<u>123,483</u>	<u>163,034</u>
CHANGE IN NET ASSETS	6,006	(10,852)	(4,846)
TOTAL NET ASSETS, BEGINNING OF YEAR	0	0	0
FUND RECLASSIFICATION	<u>3,984</u>	<u>58,185</u>	<u>62,169</u>
TOTAL NET ASSETS, END OF YEAR	<u><u>\$9,990</u></u>	<u><u>\$47,333</u></u>	<u><u>\$57,323</u></u>

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities (Enterprise Funds)</u>		
	<u>School Improvement Plan (SIP)</u>	<u>Workshops</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for workshops/services	\$44,385	\$112,481	\$156,866
Payment to suppliers and providers of goods and services	(39,551)	(121,318)	(160,869)
Payment to employees	-	(776)	(776)
Net cash provided by (used in) operating activities	<u>4,834</u>	<u>(9,613)</u>	<u>(4,779)</u>
NET INCREASE (DECREASE) IN CASH	4,834	(9,613)	(4,779)
CASH, BEGINNING OF YEAR	0	0	0
TRANSFER DUE TO FUND RECLASSIFICATION	<u>3,984</u>	<u>58,185</u>	<u>62,169</u>
CASH, END OF YEAR	<u>\$8,818</u>	<u>\$48,572</u>	<u>\$57,390</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	6,006	(10,852)	(4,846)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Change in assets and liabilities:			
Increase in:			
Due from other governments	(1,172)	(150)	(1,322)
Accounts payable	<u>-</u>	<u>1,389</u>	<u>1,389</u>
Net cash provided by (used for) operating activities	<u>\$4,834</u>	<u>(\$9,613)</u>	<u>(\$4,779)</u>

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 27,408	\$ (482)
Due from other entities	-0-	526
TOTAL ASSETS	<u>\$ 27,408</u>	<u>\$ 44</u>
 LIABILITIES		
Due to other governments	<u>-0-</u>	<u>\$ 44</u>
 NET ASSETS		
Held in trust for other purposes	<u>\$ 27,408</u>	

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Private-Purpose Trust Fund
ADDITIONS	
Local Sources:	
Interest	\$0
Change in net assets	0
Net assets - beginning	27,408
Net assets - ending	\$27,408

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lee/Ogle Counties Regional Office of Education No. 47 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2007, the Lee/Ogle Counties Regional Office of Education No. 47 implemented Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The Lee/Ogle Counties Regional Office of Education No. 47 implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

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

A. Financial Reporting Entity

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; proving notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before September 30; maintenance of a map and numbering of the Lee/Ogle Counties Regional Office of Education No. 47's districts; proving township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Lee/Ogle Counties Regional Office of Education No. 47's reporting entity includes all related organizations for which it exercises oversight responsibility.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

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

A joint agreement (Lee County Film Coop) has been determined to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and is therefore included in the accompanying financial statements because Lee/Ogle Counties Regional Office of Education No. 47 does control the assets, operations or management of the joint agreement. However, there is not any entity which would exercise such oversight as to result in Lee/Ogle Counties Regional Office of Education No. 47 being considered a component unit of the entity.

B. Government-Wide and Fund Financial Statements

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

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

The Statement of Net Assets presents information on all of Lee/Ogle Counties Regional Office of Education No. 47's assets and liabilities, with the difference between the two reported as net assets. Net assets of the ROE are classified as Unrestricted, Invested Capital Assets, and Restricted for Teacher Professional Development. Unrestricted Net Assets represent resources used for transactions relating to the general operations of the ROE and may be used at the discretion of management to meet expenses for any purpose. Invested Capital Assets are used in the Governmental Fund Types. Net Assets Restricted for Teacher Professional Development relate to the Institute Fund.

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The ROE reports the following major governmental funds:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

ROE Operations – to account for grant monies received for, and payment of, expenditures for assisting schools in all areas of school improvement.

Local Fund – to account for monies received for, and payment of, expenditures for various educational workshops and interest income related to various grants.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major Governmental Funds (Continued)

Major Special Revenue Funds – This fund type includes specific revenue sources that are restricted by law or regulation as to their use. The ROE reports the following major special revenue funds:

Institute Fund – The Institute fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teachers' institutes, conferences and workshops or meetings of a professional nature that are designed to promote growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Education Fund – The Education Fund is used to account for the administration of educational programs and the following funds:

Illinois Family Violence Coordinating Council – to account for grant monies received for, and payment of, expenditures relating to violence prevention.

Mathematics and Science Partnership – to account for grant monies received for, and payment of, expenditures for improving teacher knowledge and skills in mathematics and science such that they prepare content-rich, contextual learning experiences which will increase the achievement of their middle school students in math and/or science.

Rural Education Achievement Program – to account for the grant monies received for and payment of, expenditures related to this program.

McKinney Education for Homeless Children – to account for the grant monies received for, and payments of, expenditures relating to McKinney Education for Homeless Children program.

Learning Improvement Through Non-Traditional Curriculum (LINC) – to account for grant monies received for, and payment of, expenditures for facilitation of the Internal Review of the Quality Review Process with local school districts relating to the LINC program.

Balance and Restorative Justice (BARJ) – to account for grant monies received for, and payment of, expenditures relating to Balance Restorative Justice.

Truants Alternative Education – to account for grant monies received for and payment of, expenditures related to Truants Alternative Education Program.

English Language – to account for the grant monies received for, and payment of the expenditures relating to the English Program.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major Governmental Funds (Continued)

Education Fund (Continued)

Fine Arts – to account for the grant monies received for and payment of the expenditures relating to curriculum research for Fine Arts Program.

Teacher Mentoring Pilot Program – to account for the grant monies received for, and payment of the expenditures relating to the Teacher Mentoring Pilot Program.

Preschool for All Monitoring – to account for the grant monies received for, and payment of the expenditures relating to the Program Accountability Liaison Project.

Standards Aligned Classrooms – to account for the grant monies received for, and payment of the expenditures relating to the Standards Aligned Classrooms Program.

Social Emotional Learning – to account for the grant monies received for, and payment of the expenditures relating to the Social Emotional Learning Program.

Regional System of Support Providers – to account for the grant monies received for, and payment of the expenditures relating to School Improvement Plan (SIP) in the areas of language arts and/or math.

Learning Technology Center 2 North – to account for the grant monies received for, and payment of the expenditures relating to providing technology support services for grades K to 12 through a learning technology center.

Early Childhood Block Grant (Pre-School) – to account for grant monies received for, and payment of, expenditures relating to Early Childhood Block Grant Prevention Initiative Program.

Early Childhood Block Grant – to account for grant monies received for, and payment of, expenditures relating to Early Childhood Block Grant Prevention Initiative program.

Alternative Learning Opportunity Program – General State Aid (ALOP -GSA) – to account for grant monies received for, and payment of, expenditures relating to the operation of an Alternative Learning Opportunity Program.

Regional Safe Schools Program – to account for grant monies received for, and payment of, expenditures relating to Regional Safe Schools Program.

Regional Safe Schools Program – General State Aid (RSSP-GSA) – to account for the grant monies received for, and payment of the expenditures relating to the Regional Safe Schools Program – General State Aid.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. The ROE reports the following non-major special revenue funds:

Bus Driver Fund – to account for stewardship of the assets held in trust in connection with the Bus Driver Training Program.

General Educational Development Fund – to account for the administration of the General Educational Development Testing Program. Revenues are received from testing and diploma fees.

Supervisory Expense – to account for monies from the State of Illinois for expenditures incurred providing supervisory services in the Counties.

Film Coop – to account for maintenance of a film cooperative for the benefit of various school districts.

Proprietary Funds – Proprietary Funds are used to account for resources from fees charged directly to those entities or individuals that use its services.

School Improvement Plan (SIP) – to account for monies received from school districts held for expenses relating to their school improvement plans.

Workshops – to account for monies received for and payment of expenditures for workshops sponsored by the Regional Office.

Fiduciary Fund Types - Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Private-Purpose Trust Fund – Private Purpose Trust Funds are used to account for interest earned on Distributive Funds. Under written agreement with individual school districts, interest earned on Distributive Funds is used for the benefit of Lee/Ogle Counties Regional Office of Education No. 47.

Agency Funds – Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE reports the following agency funds:

Distributive – to account for cash received and disbursed as a result of the Regional Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general state aid, state categorical grants and various other sources.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Impact fees – to account for monies received from owners/builders for the issuance of a zoning certificate. The Regional Superintendent, as agent, remits the fees collected to the appropriate school district.

D. Capital Assets

Capital assets used in governmental fund types are recorded in the government-wide financial statements at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

All office equipment and furniture determined to have a useful life greater than 1 year is capitalized, regardless of cost. Capital assets, which consist of office equipment and furniture, are being depreciated using the straight-line method over estimated useful lives of 5 – 7 years.

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

E. Budgets and Budgetary Accounting

The ROE did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2007; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, Illinois State Board of Education, a granting agent, requires budgets for certain program money. For the year ended June 30, 2007, a budgetary comparison schedule is presented for the following grant funds: ROE Operations, Illinois Family Violence Coordinating Council, Mathematics and Science Partnership, McKinney Education for Homeless Children, Truants Alternative Education, English Language, Teacher Mentoring Pilot Program, Early Childhood Block Grant (Pre-School for All), Early Childhood Block Grant, and Regional Safe Schools Program (RSSP).

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the ROE's deposits may not be returned or the ROE will not be able to recover collateral securities in possession of an outside party. The ROE has no policy regarding custodial credit risk for deposits.

At June 30, 2007, the carrying amount of the Regional Office of Education No. 47's cash deposits was \$23,836. The bank balance was \$221,076. Of the total bank balance, \$100,000 was secured by federal depository insurance and \$121,076 was collateralized with securities held by the pledging financial institution's trust department in the Lee/Ogle Regional Office of Education No. 47's name.

B. Investments

At June 30, 2007, the Regional Office of Education No. 47 had investments, not subject to categorization, with carrying and fair values of \$466,505 as follows:

Illinois Funds Money Market Fund	\$4,269
Equity in pooled cash and investments of the Bloom Township School Treasurer	<u>\$462,236</u>
Total	<u>\$466,505</u>

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the ROE will not be able to recover the value of its investments or collateral securities in the possession of an outside party. State law does not require collateralization of investments.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – CAPITAL ASSETS

The ROE reported capital asset activity for the year ended June 30, 2007 as follows:

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
Cost:				
Equipment	<u>\$477,842</u>	<u>\$ 8,939</u>	<u>\$ 695</u>	<u>\$486,086</u>
Accumulated Depreciation:				
Equipment	<u>\$392,639</u>	<u>\$24,084</u>	<u>\$695</u>	<u>\$416,028</u>
Total Capital Assets, Net				
Equipment	<u>\$85,203</u>	<u>\$(15,145)</u>	<u>\$ 0</u>	<u>\$70,058</u>

Depreciation expense of \$24,084 was charged to governmental activities Administrative.

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT FUND

Employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Lee/Ogle Counties and through grant monies on behalf of the Lee/Ogle Counties Regional Office of Education No. 47 staff employees and grant coordinators.

Lee and Ogle Counties are participating members of the Illinois Municipal Retirement Fund whose coverage includes all employees who:

- a. Occupy a job normally requiring 600 hours or more per year;
- b. Are paid on a regular payroll from County or Lee/Ogle Counties Regional Office of Education No. 47 funds; and
- c. Are not covered by another State created retirement system for the same service.

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

The Regional Superintendent and the Assistant Regional Superintendent of Lee/Ogle Counties Regional Office of Education No. 47 are paid by the State of Illinois. Certain staff employees of the office are employed and paid by Lee or Ogle Counties (other support staff and grant coordinators are paid through grant monies). Lee/Ogle Counties Regional Office of Education No. 47 has no separate employee benefit plan.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

Plan Description

The 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% of their annual covered salary. The member rate is established by State statute. Lee/Ogle Counties Regional Office of Education No. 47 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 9.95% 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, 2006 was 5 years.

For December 31, 2006, the ROE's **annual pension cost** of \$19,392 was equal to the ROE's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 2006 actuarial valuation were based on the 2002-2004 experience study.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$19,392	100%	\$-0-
12/31/05	\$ 2,816	100%	\$-0-
12/31/04	\$17,737	100%	\$-0-
12/31/03	\$15,984	100%	\$-0-
12/31/02	\$20,448	100%	\$-0-
12/31/01	\$11,385	100%	\$-0-
12/31/00	\$15,899	100%	\$-0-
12/31/99	\$ 6,879	100%	\$-0-
12/31/98	\$ 5,513	100%	\$-0-
12/31/97	\$ 4,574	100%	\$-0-

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM

Plan Description and Employer Contributions

Lee/Ogle Counties Regional Office of Education No. 47 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2007 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all 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 ROE THIS Fund contribution was 0.6 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.8 percent.

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

- **On-behalf contributions**

The State of Illinois makes employer pension contributions on behalf of Lee/Ogle Counties Regional Office of Education No. 47. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$30,380 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$16,035) and 11.76 percent (\$31,133), respectively.

The ROE 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. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$1,802. Contributions for the years ending June 30, 2006, and June 30, 2005 were \$1,290 and \$1,535 respectively.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM (Continued)

Plan Description and Employer Contributions (Continued)

- **Federal and trust fund contributions**

When TRS members are paid from federal and trust funds administered by the Regional Office of Education No. 47, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$128,612 were paid from federal and trust funds that required employer contributions of \$12,578. For the years ended June 30, 2006 and June 30, 2005, required ROE contributions were \$5,992 and \$9,798 respectively.

- **Early Retirement Option (ERO)**

Lee/Ogle Counties Regional Office of Education No. 47 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member’s highest salary used in the final average 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, 2007, the ROE paid \$0 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the ROE paid \$107 and \$323 in employer ERO contributions, respectively.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM (Continued)

Plan Description and Employer Contributions (Continued)

• **Salary increases over 6 percent and excess sick leave**

Public Act 94-0004 added two new employer contributions to TRS.

- If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent

For the year ended June 30, 2007, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2006, the ROE paid \$0 in employers contributions due on salary increases in excess of 6 percent.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007).

For the year ended June 30, 2007, the ROE paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2006, the district paid \$0 in employer contributions granted for sick leave days.

Further Information

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, 2006. The report for the year ended June 30, 2007, is also available.

The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

NOTE 6 –DISTRIBUTIVE FUND INTEREST DISPOSITION

Interest earned on distributive fund receipts is transferred to the Local Fund by the consent of all affected school boards and other entities. The funds are utilized by the Regional Superintendent to purchase computer equipment, develop inservice activities, and other innovative programs, as well as, assist with the necessary operating expenses of the Regional Office.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7 – ON-BEHALF PAYMENTS

The following expenses necessary to operate the Office are included in the accompanying financial statements because they are paid by third parties as mandated by State law. Expenses paid are summarized below:

Regional Superintendent – salary	\$ 84,737
Regional Superintendent – benefits (includes State paid insurance)	20,993
Assistant Regional Superintendent – salary	78,911
Assistant Regional Superintendent – benefits (includes State paid insurance)	15,091
Employees – benefits	30,380
Lee County On-behalf	19,286
Ogle County On-behalf	37,969
	<u>\$287,367</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. Lee and Ogle County on-behalf payments were calculated based on data provided by the Lee and Ogle Counties.

NOTE 8 – DUE FROM/TO OTHER GOVERNMENTS/FUNDS

The Regional Office of Education No. 47's General Fund, Agency Fund and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments:	
<u>General Fund</u>	
Local Government	\$14,595
<u>Education Fund</u>	
Local Government	5,050
Illinois State Board of Education	7,718
<u>Institute Fund</u>	
Local Government	1,689
<u>Other Non-Major Funds</u>	
Local Government	150
Illinois Department of Corrections	4,104
<u>Proprietary Funds</u>	
Local Government	1,322
<u>Fiduciary Fund</u>	
Other Local Entities	526
Total	<u>\$35,154</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 – DUE FROM/TO OTHER GOVERNMENTS/FUNDS (Continued)

Due to Other Governments:	
<u>Education Fund</u>	
Illinois State Board of Education	\$1,437
<u>Fiduciary Fund</u>	
Other Local Entities	44
Total	\$1,481

NOTE 9 – FUND RECLASSIFICATIONS

The Regional Office of Education No. 47 has reclassified the School Improvement Plan and the Workshop funds, which were previously reported under the General Fund, to the Proprietary Fund. Management believes this more appropriately reflects the purpose of those funds. The impact of the fund reclassifications is a decrease in the Governmental Fund and a related increase in the Proprietary Fund of \$62,169.

NOTE 10 - DEFICIT FUND BALANCE

The GED Fund (a non-major special revenue fund) had a deficit fund balance at June 30, 2007 in the amount of \$550. The deficit fund balance is expected to be eliminated by transfers from other funds.

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
ILLINOIS MUNICIPAL RETIREMENT FUND – SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
12/31/06	\$198,296	\$199,481	\$ 1,185	99.41%	\$194,899	0.61%
12/31/05	\$172,200	\$185,545	\$ 13,345	92.81%	\$221,761	6.02%
12/31/04	\$150,744	\$143,426	\$ (7,318)	105.10%	\$151,341	0.00%
12/31/03	\$128,423	\$113,188	\$(15,235)	113.46%	\$149,663	0.00%
12/31/02	\$108,790	\$121,984	\$ 13,194	89.18%	\$211,456	6.24%
12/31/01	\$ 78,529	\$ 91,730	\$ 13,201	85.61%	\$171,987	7.68%
12/31/00	\$ 56,435	\$ 75,454	\$ 19,019	74.79%	\$126,487	15.04%
12/31/99	\$ 32,087	\$ 30,210	\$ (1,877)	106.21%	\$ 57,909	0.00%
12/31/98	\$ 20,479	\$ 34,100	\$ 13,621	60.06%	\$ 50,259	27.10%
12/31/97	\$ 12,132	\$ 22,842	\$ 10,710	53.11%	\$ 45,699	23.44%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$208,836. On a market basis, the funded ratio would be 104.69%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

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

SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

SUPPLEMENTARY INFORMATION

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2007

	<u>ROE Operations</u>	<u>Local Fund</u>	<u>Total</u>
ASSETS			
Cash	\$0	\$204,934	\$204,934
Due from other governments	<u>0</u>	<u>14,595</u>	<u>14,595</u>
TOTAL ASSETS	<u><u>\$0</u></u>	<u><u>\$219,529</u></u>	<u><u>\$219,529</u></u>
LIABILITIES			
Accounts payable	\$0	\$718	\$718
Deferred revenue	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	0	718	718
FUND BALANCE			
Fund balance - unreserved	<u>0</u>	<u>218,811</u>	<u>218,811</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$0</u></u>	<u><u>\$219,529</u></u>	<u><u>\$219,529</u></u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>ROE Operations</u>	<u>Local Fund</u>	<u>Totals</u>
REVENUES			
Local sources			
Intergovernmental	\$0	\$247,908	\$247,908
Services	0	12,061	12,061
Interest	0	5,590	5,590
Total local sources	<u>0</u>	<u>265,559</u>	<u>265,559</u>
State sources	79,005	0	79,005
Federal sources	0	0	0
Total direct revenues	<u>79,005</u>	<u>265,559</u>	<u>344,564</u>
On-behalf payments	<u>287,367</u>	<u>0</u>	<u>287,367</u>
Total revenues	<u>366,372</u>	<u>265,559</u>	<u>631,931</u>
EXPENDITURES			
Salaries	63,114	15,612	78,726
Benefits	9,239	1,844	11,083
Professional and technical services	6,578	62,609	69,187
General supplies	74	7,000	7,074
Capital outlay	0	0	0
Payments to other governments	0	78,451	78,451
Other objects	0	2,189	2,189
Total direct expenditures	<u>79,005</u>	<u>167,705</u>	<u>246,710</u>
On-behalf payments	<u>287,367</u>	<u>0</u>	<u>287,367</u>
Total expenditures	<u>366,372</u>	<u>167,705</u>	<u>534,077</u>
EXCESS OF REVENUES OVER EXPENDITURES	0	97,854	97,854
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	0	205,926	205,926
FUND RECLASSIFICATION	<u>0</u>	<u>(84,969)</u>	<u>(84,969)</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$0</u>	<u>\$218,811</u>	<u>\$218,811</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS - ROE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>ROE Operations</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$0	\$0	\$0
State sources			
ROE/ISC operations grant	<u>79,005</u>	<u>79,005</u>	<u>0</u>
Total direct revenues	<u>79,005</u>	<u>79,005</u>	<u>0</u>
On-behalf payments	<u>0</u>	<u>287,367</u>	<u>287,367</u>
Total revenues	<u>79,005</u>	<u>366,372</u>	<u>287,367</u>
EXPENDITURES			
Salaries	60,000	63,114	(3,114)
Benefits	11,100	9,239	1,861
Professional and technical services	7,500	6,578	922
General supplies	405	74	331
Capital outlay	0	0	0
Other objects	<u>0</u>	<u>0</u>	<u>0</u>
Total direct expenditures	<u>79,005</u>	<u>79,005</u>	<u>0</u>
On-behalf payments	<u>0</u>	<u>287,367</u>	<u>(287,367)</u>
Total expenditures	<u>79,005</u>	<u>366,372</u>	<u>(287,367)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>\$0</u></u>	<u>0</u>	<u><u>\$0</u></u>
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR		<u>0</u>	
FUND BALANCE, UNRESERVED, END OF YEAR		<u><u>\$0</u></u>	

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2007

	<u>Illinois Family Violence Coordinating Council</u>	<u>Mathematics and Science Partnership</u>	<u>Rural Education Achievement Program</u>	<u>McKinney Education for Homeless Children</u>	<u>Learning Improvement Through Non- Traditional Curriculum (LINC)</u>	<u>Balance and Restorative Justice</u>	<u>Truants Alternative Education</u>
ASSETS							
Cash	\$4,712	\$27,638	\$0	\$1,437	(\$6,405)	\$0	\$0
Due from other governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,718</u>	<u>0</u>	<u>0</u>
Total assets	<u>\$4,712</u>	<u>\$27,638</u>	<u>\$0</u>	<u>\$1,437</u>	<u>\$1,313</u>	<u>\$0</u>	<u>\$0</u>

LIABILITIES AND FUND BALANCE

LIABILITIES							
Accounts payable	\$0	\$560	\$0	\$0	\$987	\$0	\$0
Due to other governments	0	0	0	1,437	0	0	0
Deferred revenue	<u>0</u>	<u>27,078</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	0	27,638	0	1,437	987	0	0
FUND BALANCE							
Fund balance - unreserved	<u>4,712</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>326</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$4,712</u>	<u>\$27,638</u>	<u>\$0</u>	<u>\$1,437</u>	<u>\$1,313</u>	<u>\$0</u>	<u>\$0</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2007

	<u>English Language</u>	<u>Fine Arts</u>	<u>Teacher Mentoring Pilot Program</u>	<u>Preschool for All Monitoring</u>	<u>Standards Aligned Classrooms</u>	<u>Social Emotional Learning</u>	<u>Regional System of Support Providers</u>
ASSETS							
Cash	\$0	\$0	\$11,950	(\$550)	\$0	\$10,912	\$0
Due from other governments	0	0	0	550	0	0	0
Total assets	<u>\$0</u>	<u>\$0</u>	<u>\$11,950</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,912</u>	<u>\$0</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Due to other governments	0	0	0	0	0	0	0
Deferred revenue	0	0	11,950	0	0	10,912	0
Total liabilities	0	0	11,950	0	0	10,912	0
FUND BALANCE							
Fund balance - unreserved	0	0	0	0	0	0	0
Total liabilities and fund balance	<u>\$0</u>	<u>\$0</u>	<u>\$11,950</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,912</u>	<u>\$0</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2007

ASSETS	<u>Learning Technology Center 2 North (LTC2N)</u>	<u>Early Childhood Block Grant (Pre-School)</u>	<u>Early Childhood Block Grant</u>	<u>Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)</u>	<u>Regional Safe Schools Program</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
Cash	\$0	\$33,020	\$0	\$62,733	\$0	\$0	\$145,447
Due from other governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>0</u>	<u>0</u>	<u>12,768</u>
Total assets	<u>\$0</u>	<u>\$33,020</u>	<u>\$0</u>	<u>\$67,233</u>	<u>\$0</u>	<u>\$0</u>	<u>\$158,215</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	\$0	\$0	\$0	\$0	\$0	\$0	\$1,547
Accounts payable	0	0	0	0	0	0	1,437
Due to other governments	<u>0</u>	<u>33,020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,960</u>
Deferred revenue	0	33,020	0	0	0	0	85,944
Total liabilities	<u>0</u>	<u>33,020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,944</u>
FUND BALANCE	0	0	0	67,233	0	0	72,271
Fund balance - unreserved	<u>0</u>	<u>0</u>	<u>0</u>	<u>67,233</u>	<u>0</u>	<u>0</u>	<u>72,271</u>
Total liabilities and fund balance	<u>\$0</u>	<u>\$33,020</u>	<u>\$0</u>	<u>\$67,233</u>	<u>\$0</u>	<u>\$0</u>	<u>\$158,215</u>

**LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2007**

	Illinois Family Violence Coordinating Council	Mathematics and Science Partnership	Rural Education Achievement Program	McKinney Education for Homeless Children	Learning Improvement Through Non- Traditional Curriculum (LINC)	Balance and Restorative Justice	Truants Alternative Education
REVENUES							
Local sources							
Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$6,380	\$0
State sources	24,875	0	0	0	0	0	162,853
Federal sources	0	263,519	19,900	331,484	42,341	0	0
Total revenues	<u>24,875</u>	<u>263,519</u>	<u>19,900</u>	<u>331,484</u>	<u>42,341</u>	<u>6,380</u>	<u>162,853</u>
EXPENDITURES							
Salaries	16,800	84,662	0	92,097	26,507	4,182	99,328
Benefits	1,285	17,653	0	14,218	4,007	521	16,060
Professional and technical services	1,974	128,090	0	27,566	6,986	1,111	45,599
General supplies	104	31,633	0	2,255	993	28	1,866
Capital outlay	0	1,481	0	1,248	0	0	0
Payments to other governments	0	0	19,900	194,100	0	0	0
Total expenditures	<u>20,163</u>	<u>263,519</u>	<u>19,900</u>	<u>331,484</u>	<u>38,493</u>	<u>5,842</u>	<u>162,853</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,712	0	0	0	3,848	538	0
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,522)</u>	<u>(538)</u>	<u>0</u>
FUND RECLASSIFICATION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$4,712</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$326</u>	<u>\$0</u>	<u>\$0</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	English Language	Fine Arts	Teacher Mentoring Pilot Program	Preschool for All Monitoring	Standards Aligned Classrooms	Social Emotional Learning	Regional System of Support Providers
REVENUES							
Local sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	38,000	88,050	19,050	0	14,088	0
State sources	5,000	0	0	0	2,310	0	23,139
Federal sources	5,000	38,000	88,050	19,050	2,310	14,088	23,139
Total revenues							
EXPENDITURES							
Salaries	0	0	7,021	0	2,000	4,376	4,854
Benefits	0	0	103	0	244	546	342
Professional and technical services	2,307	10,064	80,125	17,586	66	9,166	17,750
General supplies	2,693	136	801	1,464	0	0	193
Capital outlay	0	0	0	0	0	0	0
Payments to other governments	0	27,800	0	0	0	0	0
Total expenditures	5,000	38,000	88,050	19,050	2,310	14,088	23,139
EXCESS OF REVENUES OVER EXPENDITURES	0	0	0	0	0	0	0
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	0	0	0	0	0	0	0
FUND RECLASSIFICATION	0	0	0	0	0	0	0
FUND BALANCE, UNRESERVED, END OF YEAR	\$0	\$0	\$0	\$0	\$0	\$0	\$0

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	Learning Technology Center 2 North (LTC2N)	Early Childhood Block Grant (Pre-School)	Early Childhood Block Grant	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
REVENUES							
Local sources							
Intergovernmental Services	\$0	\$0	\$0	\$0	\$0	\$0	\$6,380
State sources	0	0	0	21,500	0	0	21,500
Federal sources	15,085	51,011	31,533	150,555	160,015	117,668	872,783
Total revenues	<u>15,085</u>	<u>51,011</u>	<u>31,533</u>	<u>172,055</u>	<u>160,015</u>	<u>117,668</u>	<u>1,588,356</u>
EXPENDITURES							
Salaries	7,433	35,931	24,433	93,249	0	0	502,873
Benefits	1,607	5,584	3,390	10,263	0	0	75,823
Professional and technical services	5,667	4,236	3,703	15,169	0	0	377,165
General supplies	378	3,828	7	8,941	0	0	55,320
Capital outlay	0	1,432	0	0	0	0	4,161
Payments to other governments	0	0	0	0	160,015	117,668	519,483
Total expenditures	<u>15,085</u>	<u>51,011</u>	<u>31,533</u>	<u>127,622</u>	<u>160,015</u>	<u>117,668</u>	<u>1,534,825</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	44,433	0	0	53,531
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	0	0	0	0	0	0	(4,060)
FUND RECLASSIFICATION	0	0	0	22,800	0	0	22,800
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$67,233</u>	<u>\$0</u>	<u>\$0</u>	<u>\$72,271</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	Illinois Family Violence Coordinating Council			Mathematics and Science Partnership			McKinney Education For Homeless Children		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Local sources									
Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	0	0	0	0	0	0	0	0	0
Total local sources	0	0	0	0	0	0	0	0	0
State sources	19,500	24,875	5,375	0	0	0	0	0	0
Federal sources	0	0	0	270,000	263,519	(6,481)	332,921	331,484	(1,437)
Total revenues	19,500	24,875	5,375	270,000	263,519	(6,481)	332,921	331,484	(1,437)
EXPENDITURES									
Salaries	15,540	16,800	(1,260)	79,500	84,662	(5,162)	87,300	92,097	(4,797)
Benefits	1,500	1,285	215	19,000	17,653	1,347	12,690	14,218	(1,528)
Professional and technical services	1,660	1,974	(314)	140,100	128,090	12,010	53,431	27,566	5,865
General supplies	800	104	696	31,400	31,633	(233)	4,400	2,255	2,145
Capital outlay	0	0	0	0	1,481	(1,481)	1,000	1,248	(248)
Payments to other governments	0	0	0	0	0	0	194,100	194,100	0
Total expenditures	19,500	20,163	(663)	270,000	263,519	6,481	332,921	331,484	1,437
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$0	4,712	\$4,712	\$0	0	\$0	\$0	0	\$0
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR		0			0			0	
FUND BALANCE, UNRESERVED, END OF YEAR		\$4,712			\$0			\$0	

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	Truants Alternative Education			English Language			Teacher Mentoring Pilot Program		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Local sources									
Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	0	0	0	0	0	0	0	0	0
Total local sources	0	0	0	0	0	0	0	0	0
State sources	162,853	162,853	0	0	0	0	100,000	88,050	(11,950)
Federal sources	0	0	0	5,000	5,000	0	0	0	0
Total revenues	162,853	162,853	0	5,000	5,000	0	100,000	88,050	(11,950)
EXPENDITURES									
Salaries	98,500	99,328	(828)	0	0	0	12,500	7,021	5,479
Benefits	15,900	16,060	(160)	0	0	0	300	103	197
Professional and technical services	44,400	45,599	(1,199)	2,185	2,307	(122)	86,200	80,125	6,075
General supplies	4,053	1,866	2,187	2,815	2,693	122	1,000	801	199
Capital outlay	0	0	0	0	0	0	0	0	0
Payments to other governments	0	0	0	0	0	0	0	0	0
Total expenditures	162,853	162,853	0	5,000	5,000	0	100,000	88,050	11,950
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$0	0	\$0	\$0	0	\$0	\$0	0	\$0
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR		0			0			0	
FUND BALANCE, UNRESERVED, END OF YEAR		\$0			\$0			\$0	

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	Early Childhood Block Grant (Pre-School for All)			Early Childhood Block Grant			Regional Safe Schools Program			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES												
Local sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0
Total local sources	0	0	0	0	0	0	0	0	0	0	0	0
State sources	84,031	51,011	(33,020)	31,533	31,533	0	160,015	160,015	0	\$557,932	\$518,337	(39,595)
Federal sources	0	0	0	0	0	0	0	0	0	\$607,921	\$600,003	(7,918)
Total revenues	84,031	51,011	(33,020)	31,533	31,533	0	160,015	160,015	0	\$1,165,853	\$1,118,340	(47,513)
EXPENDITURES												
Salaries	43,360	35,931	7,429	24,432	24,433	(1)	0	0	0	\$361,132	\$360,272	860
Benefits	6,500	5,584	916	3,485	3,390	95	0	0	0	\$59,375	\$58,293	1,082
Professional and technical services	9,100	4,236	4,864	2,955	3,703	(748)	0	0	0	\$320,031	\$293,600	26,431
General supplies	18,171	3,828	14,343	661	7	654	0	0	0	\$63,300	\$43,187	20,113
Capital outlay	6,900	1,432	5,468	0	0	0	0	0	0	\$7,900	\$4,161	3,739
Payments to other governments	0	0	0	0	0	0	160,015	160,015	0	\$354,115	\$354,115	0
Total expenditures	84,031	51,011	33,020	31,533	31,533	0	160,015	160,015	0	\$1,165,853	\$1,113,628	\$52,225
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$0	0	\$0	\$0	0	\$0	\$0	0	\$0	\$0	4,712	\$4,712
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR												0
FUND BALANCE, UNRESERVED, END OF YEAR												\$4,712

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	<u>Bus Driver Fund</u>	<u>GED Fund</u>	<u>Supervisory Expense</u>	<u>Film Coop</u>	<u>Total</u>
ASSETS					
Cash	\$3,543	(\$4,104)	\$0	\$1,889	\$1,328
Due from Other Governments	0	4,104	0	150	4,254
TOTAL ASSETS	<u>\$3,543</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,039</u>	<u>\$5,582</u>
LIABILITIES					
Accounts Payable	\$0	\$550	\$0	\$0	\$550
FUND BALANCE					
Fund balance, unreserved	<u>3,543</u>	<u>(550)</u>	<u>0</u>	<u>2,039</u>	<u>5,032</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$3,543</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,039</u>	<u>\$5,582</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Bus Driver Fund</u>	<u>GED Fund</u>	<u>Supervisory Expense</u>	<u>Film Coop</u>	<u>Total</u>
REVENUES					
Local sources					
Intergovernmental	\$0	\$0	\$0	\$0	\$0
Services	1,150	21,173	0	7,085	29,408
Interest	0	0	0	0	0
Total local revenues	<u>1,150</u>	<u>21,173</u>	<u>0</u>	<u>7,085</u>	<u>29,408</u>
State sources	600	0	2,000	0	2,600
Federal sources	0	0	0	0	0
Total revenues	<u>1,750</u>	<u>21,173</u>	<u>2,000</u>	<u>7,085</u>	<u>32,008</u>
EXPENDITURES					
Salaries	0	0	0	1,462	1,462
Benefits	0	0	0	258	258
Professional and technical services	1,779	14,950	1,766	8,751	27,246
General supplies	0	8,616	25	0	8,641
Capital outlay	0	0	0	0	0
Payments to other governments	0	550	0	0	550
Other objects	0	0	209	0	209
Total expenditures	<u>1,779</u>	<u>24,116</u>	<u>2,000</u>	<u>10,471</u>	<u>38,366</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29)	(2,943)	0	(3,386)	(6,358)
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	<u>3,572</u>	<u>2,393</u>	<u>0</u>	<u>5,425</u>	<u>11,390</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u><u>\$3,543</u></u>	<u><u>(\$550)</u></u>	<u><u>\$0</u></u>	<u><u>\$2,039</u></u>	<u><u>\$5,032</u></u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2007

	<u>Distributive Fund</u>	<u>Impact Fees</u>	<u>Total</u>
ASSETS			
Cash	\$44	(\$526)	(\$482)
Due from Other Entities	0	526	526
TOTAL ASSETS	<u>\$44</u>	<u>\$0</u>	<u>\$44</u>
 LIABILITIES			
Due to other governmental agencies	<u>\$44</u>	<u>\$0</u>	<u>\$44</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>June 30,2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,2007</u>
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash	\$44	\$0	\$0	\$44
Due from Other Entities	0	0	0	0
TOTAL ASSETS	<u>\$44</u>	<u>\$0</u>	<u>\$0</u>	<u>\$44</u>
LIABILITIES				
Due to other governmental agencies	<u>\$44</u>	<u>\$0</u>	<u>\$0</u>	<u>\$44</u>
 <u>IMPACT FEES</u>				
ASSETS				
Cash	\$68,774	\$102,346	\$171,646	(\$526)
Due from Other Entities	0	526	0	526
TOTAL ASSETS	<u>\$68,774</u>	<u>\$102,872</u>	<u>\$171,646</u>	<u>\$0</u>
LIABILITIES				
Due to other governmental agencies	<u>\$68,774</u>	<u>\$102,346</u>	<u>\$171,120</u>	<u>\$0</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$68,818	\$102,346	\$171,646	(\$482)
Due from Other Entities	0	526	0	526
TOTAL ASSETS	<u>\$68,818</u>	<u>\$102,872</u>	<u>\$171,646</u>	<u>\$44</u>
LIABILITIES				
Due to other governmental agencies	<u>\$68,818</u>	<u>\$102,346</u>	<u>\$171,120</u>	<u>\$44</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor, Program Title and Major Program Designation	CFDA Number	Project Number (1st 8 digits) or Contract #	07/01/06 06/30/07
U.S. Department of Labor passed through Business Employment Skills Team			
<i>Workforce Investment Act (WIA) Youth Activities</i>	17.259	07-local	\$ 42,341
U.S. Department of Education passed through Illinois State Board of Education:			
<i>Mathematics and Science Partnership</i>	84.366B	06-4936-01	70,037
<i>Mathematics and Science Partnership</i>	84.366B	07-4936-01	193,482
			263,519
<i>McKinney Education for Homeless Children (M)</i>	84.196A	07-4920-00	331,484
<i>English Language</i>	84.365A	07-4999-PD	5,000
U.S. Department of Education passed through Illinois State Board of Education passed through Boone-Winnebago Counties - Regional Office of Education No. 4			
<i>Title II - Teacher Quality Leadership Grant</i>	84.367A	07-local	23,139
<i>Standards Aligned Classroom</i>	84.289A	07-local	2,310
			25,449
U.S. Department of Education			
<i>Rural Education Achievement Program</i>	84.358A	07-4999-00	19,900
TOTAL FEDERAL FINANCIAL ASSISTANCE:			\$ 687,693

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lee/Ogle Counties Regional Office of Education No. 47 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Lee/Ogle Counties Regional Office of Education No. 47 provided \$217,092 to sub-recipients during fiscal year ended June 30, 2007 as follows:

To: Ogle County Education Cooperative (OCEC):			
84.358A	07-4999-00	Rural Education Achievement Program	19,900
To: Bureau, Henry and Stark Counties Regional Office of Education No. 28:			
84.196	2006-4920-00	McKinney Education for Homeless Children	26,500
To: LaSalle/Peru Counties Regional Office of Education No. 35:			
84.196	2006-4920-00	McKinney Education for Homeless Children	53,000
To: Rock Island County Regional Office of Education No. 49:			
84.196	2006-4920-00	McKinney Education for Homeless Children	48,000
To: Rockford Public School District No. 205:			
84.196	2006-4920-00	McKinney Education for Homeless Children	66,600

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAMS

The following federal program was audited as a major program in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

McKinney Education for Homeless Children: This program aims to

- Increase community awareness of issues related to education of students experiencing homelessness.
- Provide training in the McKinney-Vento Homeless Education Act to school personnel throughout Area II.
- Provide services to homeless students which address the problem of barriers to enrollment.
- Students experiencing homelessness will receive services to increase academic performance.
- Parent of students experiencing homelessness will learn about their rights and supports available.

NOTE 4 – NONCASH ASSISTANCE

-N/A-

NOTE 5 – AMOUNT OF INSURANCE

-N/A-

NOTE 6 – LOAN OR LOAN GUARANTEES OUTSTANDING

-N/A-