

State of Illinois
McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION No. 44
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2006

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
For the Year Ended June 30, 2006

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AGENCY OFFICIALS

Regional Superintendent (current and during audit period)

Mr. Eugene T. Goeglein

Assistant Regional Superintendent (current and during audit period)

Mr. Joseph R. Williams, Sr.

Agency offices are located at:

McHenry County Government Center
2200 N. Seminary Avenue (Route 47)
Woodstock, Illinois 60098

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)		
06-01	9-10	Controls over compliance with laws and regulations.

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)
-N/A-

EXIT CONFERENCE

An informal exit conference was held via telephone with agency personnel on December 7, 2006. Attending were Mr. Eugene T. Goeglein, Regional Superintendent, Maria de J. Prado, Partner from Prado & Renteria CPAs, Prof. Corp and Cecilia Salinas, Manager from Prado & Renteria CPAs, Prof. Corp. The responses to the recommendations were provided by Mr. Eugene T. Goeglein.

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the McHenry County Regional Office of Education No. 44 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 AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2006, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the McHenry County Regional Office of Education No. 44's management. Our responsibility is to express opinions on these financial statements based on our audit.

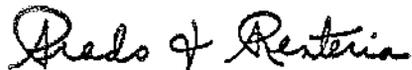
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2006 on our consideration of the McHenry County Regional Office of Education No. 44'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* on pages 13 through 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities 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
October 26, 2006



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2006, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements and have issued our report thereon dated October 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the McHenry County Regional Office of Education No. 44's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the McHenry County Regional Office of Education No. 44's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-01.

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

Shado J. Renteria

Chicago, Illinois
October 26, 2006

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2006

Part II: Findings Related to the Financial Statements:

Finding No. 06-01 – Controls Over Compliance with Laws and Regulations

Criteria/specific requirements:

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)

Conditions:

- A. The Regional Office of Education No. 44 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

- B. The Regional Office of Education No. 44 performs compliance inspections of each public school in his region on a rotational basis every 4 years instead of annually.

While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

The Regional Office conducts compliance reviews of four districts (out of a total of 18) per year. These reviews include review of governance and operations, general health and safety, personnel and instructional programs (including special education and transitional bilingual and instruction programs).

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2006

Effects:

The Regional Office of Education No. 44 did not comply with statutory requirements.

Causes:

- A. The Regional Superintendent believes this mandate is outdated and that he is satisfying the intent of the statute by the other reviews he undertakes.
- B. The Regional Superintendent believes this mandate is outdated and that he is satisfying the intent of the statute by the other visits he undertakes.

Recommendations:

- A. The Regional Office of Education No. 44 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

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

Management's Response:

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR FINDINGS

June 30, 2006

Corrective Action Plans:

Finding No. 06-01

Conditions:

- A. The Regional Office of Education No. 44 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year as required by 105 ILCS 5/3-14.11.
- B. The Regional Office of Education No. 44 performs compliance inspections of each public school in his region on a rotational basis every 4 years instead of annually.

While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Plans:

- A. We will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. We will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

Anticipated Date of Completion:

The Regional Office of Education No. 44 anticipates that contact with the General Assembly will be made as soon as practical.

Name of Contact Person:

Mr. Eugene T. Goeglein, Regional Superintendent

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2006

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2006

As management of McHenry County Regional Office of Education No. 44, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of McHenry County Regional Office of Education No. 44 for the year ended June 30, 2006.

Management's Discussion and Analysis ("MD&A") is provided at the beginning of the report to provide an overview of McHenry County Regional Office of Education No. 44's financial position at June 30, 2006 and the results of operations for the year 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 four parts – Independent Auditor's Reports, required supplementary information which includes the MD&A (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of McHenry County Regional Office of Education No. 44: 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 McHenry County Regional Office of Education No. 44's overall financial status, similar to a private sector business. In the government-wide financial statements, activities are shown in one category – governmental activities. McHenry County Regional Office of Education No. 44's basic service is education. These activities are largely financed with local and state revenues.

The Statement of Net Assets presents information on all of McHenry County Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44 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.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2006

Fund Financial Statements

The fund financial statements provide more detailed information about McHenry County Regional Office of Education No. 44's funds – not McHenry County Regional Office of Education No. 44 as a whole. Funds are specific segregations of cash and accounting devices McHenry County Regional Office of Education No. 44 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 McHenry County Regional Office of Education No. 44 is properly using certain revenues.

McHenry County Regional Office of Education No. 44 maintains individual governmental funds. Information is presented separately in the governmental fund 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 McHenry County Regional Office of Education No. 44. 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.

McHenry County Regional Office of Education No. 44 is not legally required to adopt budgets. McHenry County Regional Office of Education No. 44 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. A Budgetary Comparison Schedule has been provided as supplementary information for the Regional Safe School Program (2006 and 2005 - part of the major education fund), which is in compliance with Governmental Accounting Standards Board ("GASB") Statement No. 34.

The last category of funds is the Agency Fund. 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. McHenry County Regional Office of Education No. 44 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. McHenry County Regional Office of Education No. 44's agency activities are reported in a separate Combining Statement of Changes in Assets and Liabilities – Agency Funds and a Combining Statement of Fiduciary Net Assets – Agency Funds. These activities are excluded from the government-wide financial statements because McHenry County Regional Office of Education No. 44 cannot use these assets to finance its operations.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2006

Net assets are summarized in the table below.

Condensed Statement of Net Assets

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets:		
Current Assets	\$242,534	\$227,950
Capital Assets	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>242,534</u>	<u>227,950</u>
Liabilities:		
Current Liabilities	21,670	67,830
Non-current Liabilities	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>21,670</u>	<u>67,830</u>
Net Assets:		
Unrestricted	74,053	50,102
Restricted for Teacher Professional Development	<u>146,811</u>	<u>110,018</u>
Total Net Assets	<u>\$220,864</u>	<u>\$160,120</u>

Current assets consist of cash, \$242,454, and accounts receivable, \$80.

As of June 30, 2006, McHenry County Regional Office of Education No. 44 had no outstanding long-term debt.

McHenry County Regional Office of Education No. 44's net assets consist of 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.

**McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2006**

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

Condensed Statement of Activities For Fiscal Year Ending:		
	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Revenues received:		
Program:		
Operating grants and contributions	\$574,483	\$573,713
General:		
Local sources	198,607	117,060
On-behalf payments	443,811	197,119
Interest	3,888	2,315
Miscellaneous	<u>64,232</u>	<u>39,168</u>
Total revenue received	<u>1,285,021</u>	<u>929,375</u>
Expenditures disbursed:		
Instructional services:		
Purchased services	193,362	139,497
Supplies and materials	10,837	15,305
Payments to other governments	576,139	569,193
Administrative services:		
On-behalf payments	<u>443,811</u>	<u>197,119</u>
Total expenditures disbursed	<u>1,224,149</u>	<u>921,114</u>
Change in net assets	60,872	8,261
Net assets – beginning	160,120	151,859
Fund reclassification	<u>(128)</u>	<u>0</u>
Net assets – ending	<u>\$220,864</u>	<u>\$160,120</u>

Major sources of operating revenues for McHenry County Regional Office of Education No. 44 include: State grants, teacher certificate fees, and fingerprinting fees.

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

During the year ended June 30, 2006, the ROE did not invest any monies in capital assets.

On-behalf payments increased by \$246,692 from \$197,119 in fiscal year 2005 to \$443,811 in fiscal year 2006 as a result of including payments made by McHenry County on-behalf of Regional Office of Education No. 44. These payments include direct expenditures and employee benefits.

During the year ended June 30, 2006, the McHenry County Regional Office of Education No. 44 demonstrated 38.27% increase in revenues received over the previous year. For the same time period ending June 30, 2006, the McHenry County Regional Office of Education demonstrated a 32.90% increase in expenditures. As a result, an increase of \$60,872 is shown in net assets from July 1, 2005 to June 30, 2006. This increase is due to changes in net assets in the following funds:

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2006

General Fund - Revenue decreased by \$2,045 as a result of the Cooperative for Employment office making a \$2,012 payment to the ROE during fiscal year 2005 to cover office (set up) expenses. This payment was not present during fiscal year 2006. There was no significant change in expenditures. As a result, there was a change in net assets of \$2,042.

Education Fund - Revenues increased as a result of recognizing \$36,477 of fiscal year 2005 deferred revenue during fiscal year 2006. Expenditures decreased due to the Recycling Program having less activity during fiscal year 2006, resulting in fewer payments to subcontractor for workshops provided. Overall, the change in net assets was \$19,320.

Institute Fund - Revenue increased due to an increase in the total number of teaching certificates issued and registered during the same period of time. Expenditures decreased as a result of less expenditure to cover workshops and travel related expenses. The net affect was a change in net assets of \$36,793.

Fingerprinting - Increase in revenue is due to the increase in volume of fingerprints processed by the ROE during fiscal year 2006. The increase in expenditures is proportionate to the increase in volume of fingerprints processed by the ROE. The change in net assets was \$2,567.

General Educational Development - There were no significant changes to revenues or expenditures of the general education development fund. The change in net assets was \$1,429.

Non Major Funds - There were no significant changes to revenues or expenditures of the non major funds. The change in net assets was (\$1,279).

Factors or Conditions Impacting Future Periods

Within the Governmental funds, fingerprinting revenue will continue to increase in the McHenry County Regional Office of Education No. 44 as more types of fingerprinting are publicized (Nurses, Loan Officers, Massage Therapist, Security and UCIA's) and more people continue to be fingerprinted. Recycling revenue will also increase with the renewal of the previous grant. Teacher applications and registrations will continue to increase. The Education Fund should remain about the same in Fiscal Year 2007 as in Fiscal Year 2006 as we will continue to be fiscal agent for the McHenry County Cooperative for Employment.

On a long-term basis, the McHenry Regional Office of Education No. 44 is in a stable financial standing and we anticipate that it will remain stable as we are not aware of any legislation which would impact the office in the next year or in the long-term.

Contacting the Regional Office of Education No. 44's Financial Management

This financial report is designed to provide the Regional Office of Education No. 44's citizens, taxpayers, customers, and creditors with a general overview of the Regional Office of Education No. 44's finances and to demonstrate the Regional Office of Education No. 44'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. 44, McHenry County Government Center, 2200 N. Seminary Avenue (Route 47), Woodstock, IL 60098.

BASIC FINANCIAL STATEMENTS

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$242,454
Accounts receivable	80
Total Current Assets	<u>\$242,534</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	\$12,876
Deferred revenue	8,794
Total Current Liabilities	<u>21,670</u>
<u>NET ASSETS</u>	
Unrestricted	74,053
Restricted for teacher professional development	146,811
Total Net Assets	<u>\$220,864</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities
FUNCTIONS/PROGRAMS			
Primary Government:			
Governmental activities:			
Instructional Services:			
Purchased services	\$193,362	\$1,000	(\$192,362)
Supplies and materials	10,837	0	(10,837)
Payments to other governments	576,139	573,483	(2,656)
Administrative:			
On-behalf payments	443,811	0	(443,811)
Total Governmental Activities	1,224,149	574,483	(649,666)
General Revenues:			
Local sources			\$198,607
On-behalf payments			443,811
Interest			3,888
Miscellaneous			64,232
Total general revenues, special and extraordinary items, and transfers			710,538
Change in net assets			60,872
Net Assets - Beginning			160,120
Fund reclassification			(128)
Net Assets - Ending			\$220,864

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General Fund</u>	<u>Education</u>	<u>Institute</u>	<u>General Educational Development</u>	<u>Finger- Printing</u>	<u>Other Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash	\$6,181	\$26,046	\$146,731	\$31,566	\$24,474	\$7,456	\$242,454
Accounts receivable	0	0	80	0	0	0	80
Total assets	<u>\$6,181</u>	<u>\$26,046</u>	<u>\$146,811</u>	<u>\$31,566</u>	<u>\$24,474</u>	<u>\$7,456</u>	<u>\$242,534</u>
<u>LIABILITIES</u>							
Accounts payable	\$0	\$0	\$0	\$0	\$12,876	\$0	\$12,876
Deferred revenue	0	4,249	0	0	4,545	0	8,794
Total liabilities	<u>0</u>	<u>4,249</u>	<u>0</u>	<u>0</u>	<u>17,421</u>	<u>0</u>	<u>21,670</u>
<u>FUND BALANCES</u>							
Fund balance, unreserved - Special Revenue	0	21,797	146,811	31,566	7,053	7,456	214,683
Fund balance, unreserved - General	6,181	0	0	0	0	0	6,181
Total fund balances	<u>6,181</u>	<u>21,797</u>	<u>146,811</u>	<u>31,566</u>	<u>7,053</u>	<u>7,456</u>	<u>220,864</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$6,181</u>	<u>\$26,046</u>	<u>\$146,811</u>	<u>\$31,566</u>	<u>\$24,474</u>	<u>\$7,456</u>	<u>\$242,534</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>	<u>Education</u>	<u>Institute</u>	<u>General Educational Development</u>	<u>Finger- Printing</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
REVENUES							
Local sources							
Teacher certificate fees	\$0	\$0	\$53,212	\$0	\$0	\$0	\$53,212
GED application fees	0	0	0	16,040	0	0	16,040
School bus permit and class fees	0	0	0	0	0	4,762	4,762
Fingerprinting fees	0	0	0	0	124,593	0	124,593
Interest income	182	1,104	341	1,058	924	279	3,888
Other	4,040	55,838	4,354	0	0	0	64,232
Total local sources	<u>4,222</u>	<u>56,942</u>	<u>57,907</u>	<u>17,098</u>	<u>125,517</u>	<u>5,041</u>	<u>266,727</u>
State sources	0	573,483	0	0	0	1,000	574,483
On-behalf payments	443,811	0	0	0	0	0	443,811
Total revenues	<u>448,033</u>	<u>630,425</u>	<u>57,907</u>	<u>17,098</u>	<u>125,517</u>	<u>6,041</u>	<u>1,285,021</u>
EXPENDITURES							
Purchased services	1,600	33,547	16,894	11,340	122,928	7,053	193,362
Supplies and materials	72	3,665	2,595	4,329	8	168	10,837
Payments to other governments	508	573,893	1,625	0	14	99	576,139
On-behalf payments	443,811	0	0	0	0	0	443,811
Total expenditures	<u>445,991</u>	<u>611,105</u>	<u>21,114</u>	<u>15,669</u>	<u>122,950</u>	<u>7,320</u>	<u>1,224,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,042	19,320	36,793	1,429	2,567	(1,279)	60,872
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	4,139	2,477	110,018	30,137	4,486	8,863	160,120
FUND RECLASSIFICATION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(128)</u>	<u>(128)</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$6,181</u>	<u>\$21,797</u>	<u>\$146,811</u>	<u>\$31,566</u>	<u>\$7,053</u>	<u>\$7,456</u>	<u>\$220,864</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	<u><u>\$107,861</u></u>
<u>LIABILITIES</u>	
Due to other governments	<u><u>\$107,861</u></u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The McHenry County Regional Office of Education No. 44 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2006, the McHenry County Regional Office of Education No. 44 implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; GASB Statement No. 44, *Economic Condition reporting: The Statistical Section, an amendment of NCGA Statement 1*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation, an amendment of GASB No. 34* and GASB Statement No. 47, *Accounting for Termination Benefits*. The McHenry County Regional Office of Education No. 44 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 Superintendents 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 McHenry County Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44's reporting entity includes all related organizations for which it exercises oversight responsibility.

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 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.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continue)

A. Financial Reporting Entity (Continued)

Certain joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the ROE does not control the assets, operations or management of the joint agreements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the ROE 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 non-fiduciary activities of the ROE. The effect of inter-fund 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 McHenry County Regional Office of Education No 44's assets and liabilities, with the difference between the two reported as net assets. Net assets of the ROE are classified as Unrestricted Net Assets. 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.

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.

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 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.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The government reports the following major governmental funds:

Major Governmental Funds

General Fund – The General Fund is the ROE’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is used to account for various expenditures as approved. The ROE receives cost reimbursements from Cooperative for Employment Education and from member districts.

Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of 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, workshops or meetings of a professional nature that are designed to promote professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

General Educational Development (GED) Fund – The GED Fund is used to account for the administration of the General Educational Development Testing Program. Revenues are received from testing and diploma fees.

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

Regional Safe Schools Program (RSSP) – The RSSP consists of State funds received for the administration of the Regional Safe Schools Program (RSSP).

Regional Safe Schools Program - General State Aid (RSSP-GSA) – The RSSP-GSA consists of State funds received for the administration of the Regional Safe Schools Program (RSSP).

Recycling Education – The Recycling Education is used to account for the administration of monies to be used for recycling and source reduction projects at the school districts.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fingerprinting Fund – The Fingerprinting Fund is used to account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities.

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 nonmajor special revenue funds:

Transportation – The Transportation Fund is used to account for the administration of the Bus Driver Training Program.

Supervisory Expense – The Supervisory Expense Fund is used to account for monies to be used for travel and other expenditures necessary to perform the duty of supervising the school districts under the ROE.

Searchsoft – The Searchsoft Fund is used to account for monies received for, and payment of, expenditures for searchsoft program. Activity in the fund consists of interest earned.

Fiduciary Funds

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 – The Distributive Fund is used to account for assets held as an agent for the Illinois State Board of Education.

Board of School Trustees – The Board of School Trustees Fund is used to account for the marketing and disposal of school properties belonging to local education agencies and for clearing of monies used for expenses related to detachment petitions.

McHenry County Film Library – The McHenry County Film Library Cooperative is composed of public school districts for the purpose of acquiring and maintaining a visual aids library. The cooperative is governed by a Board of Directors composed of school administrators. The Regional Superintendent is the Secretary-Treasurer and administrative agent of the McHenry County Film Library Cooperative.

Cooperative for Employment Education – The Cooperative for Employment Education Fund is used to account for assets held by the Regional Superintendent, in an agency capacity, for a vocational program which provides instruction for individuals in need of special training.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary System and Accounts

The ROE did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2006; 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. A budgetary comparison schedule is presented for the Regional Safe Schools Program (RSSP) for the years ended June 30, 2006 and 2005.

E. Deposits

Deposits are carried at cost plus accrued interest. The carrying amount of deposits is displayed on the balance sheet simply as cash and represents cash per bank adjusted for outstanding deposits and disbursements.

F. Salaries and Expenses

The salaries of the McHenry County Regional Superintendent of Schools and the Assistant Regional Superintendent are paid by the State of Illinois. All other employees are paid by the County of McHenry. All certified personnel participate in the Teachers' Retirement System of the State of Illinois and all other personnel participate in the Illinois Municipal Retirement Fund. All contributions to these retirement funds and all expenses of the office are also paid by the County of McHenry. Information about these retirement plans can be found in the financial statements of McHenry County.

G. Intergovernmental Agreement

On August 7, 1995, McHenry County Regional Office of Education No. 44 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code Title 23 Section 525.110.

The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Delivery System, (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone-Winnebago, DeKalb, and McHenry. The Boone-Winnebago Regional Office of Education has been designated as Administrative Agent.

NOTE 2 - DEPOSITS

At June 30, 2006, the carrying amount of the Regional Office of Education No. 44's cash deposits was \$350,315 and the bank balance was \$400,388. Of the total bank balance, \$112,786 was secured by federal depository insurance and \$287,602 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No 44's name. The ROE does not have a policy regarding custodial credit risk for deposits.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2006

NOTE 3 – PENSIONS

All employees are paid by McHenry County or the State of Illinois, therefore, no provision or funding for pension costs is required.

NOTE 4 – CAPITAL ASSETS

All capital assets are purchased by McHenry County; therefore there are no capital assets to report.

NOTE 5 – DISTRIBUTIVE FUND INTEREST DISPOSITION

Any interest earned on distributive fund earnings is appropriately allocated to member districts per McHenry County Regional Office of Education No. 44 agreements with these member districts.

NOTE 6 – ON-BEHALF PAYMENTS

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. A breakdown of the on-behalf payments for the Regional Superintendent and Assistant Regional Superintendent is as follows:

Regional Superintendent – salary	\$ 88,540
Regional Superintendent – benefits (Includes State paid insurance)	12,517
Assistant Regional Superintendent – salary	79,685
Assistant Regional Superintendent – benefits (Includes State paid insurance)	11,942
County On-behalf	251,127

Total on-behalf payments	\$443,811
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NOTE 7 – DUE TO OTHER GOVERNMENTS

The Regional Office of Education No. 44 is the trustee, or agent, for assets that belong to others or are designated to be used for a specific purpose. The Regional Office of Education No. 44 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. At June 30, 2006, the Regional Office of Education No. 44 had amounts due to other governments as follows:

Distributive Fund	\$895
Board of School Trustees	132
McHenry County Film Library	48,222
Cooperative for Employment Education	58,612
Total	\$107,861

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2006

NOTE 8 – FUND RECLASSIFICATION

The Regional Office of Education No. 44 has reclassified the Board of School Trustees Fund, which previously was reported as a Non-Major Special Revenue Fund, to Fiduciary Fund – Agency Fund. Management believes this more appropriately reflects the purpose of those funds. The Board of School Trustees Fund is used to account for the marketing and disposal of school properties belonging to local education agencies and for clearing of monies used for expenses related to detachment petitions. The impact of the fund reclassification is a decrease in the Governmental Fund and a related increase in the Agency Fund of \$128.

SUPPLEMENTAL INFORMATION

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2006

	<u>Recycling Education</u>	<u>Regional Safe Schools Program (RSSP)</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
ASSETS				
Cash	<u>\$26,046</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,046</u>
 LIABILITIES				
Accounts payable	\$0	\$0	\$0	\$0
Deferred revenue	<u>4,249</u>	<u>0</u>	<u>0</u>	<u>4,249</u>
Total liabilities	4,249	0	0	4,249
 FUND BALANCE				
Fund balance, unreserved	<u>21,797</u>	<u>0</u>	<u>0</u>	<u>21,797</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$26,046</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,046</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Recycling Education</u>	<u>Regional Safe Schools Program (RSSP)</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
REVENUES				
Local sources				
Donations	\$55,838	\$0	\$0	\$55,838
Interest income	1,104	0	0	1,104
State sources	0	492,321	81,162	573,483
Total revenues	<u>56,942</u>	<u>492,321</u>	<u>81,162</u>	<u>630,425</u>
EXPENDITURES				
Purchased services	33,547	0	0	33,547
Supplies and materials	3,665	0	0	3,665
Payments to other governments	410	492,321	81,162	573,893
Total expenditures	<u>37,622</u>	<u>492,321</u>	<u>81,162</u>	<u>611,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,320	0	0	19,320
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	<u>2,477</u>	<u>0</u>	<u>0</u>	<u>2,477</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$21,797</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,797</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

	2006 Regional Safe Schools Program (RSSP)			2005 Regional Safe Schools Program (RSSP)			Totals		
	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
State sources	427,144	427,144	0	293,299	65,177	(228,122)	720,443	492,321	(228,122)
Federal sources	0	0	0	97,768	0	(97,768)	97,768	0	(97,768)
Total revenues	427,144	427,144	0	391,067	65,177	(325,890)	818,211	492,321	(325,890)
EXPENDITURES									
Salaries	0	0	0	0	0	0	0	0	0
Benefits	0	0	0	0	0	0	0	0	0
Purchased services	0	0	0	0	0	0	0	0	0
Supplies and materials	0	0	0	0	0	0	0	0	0
Payments to other governments	427,144	427,144	0	391,067	65,177	325,890	818,211	492,321	325,890
Total expenditures	427,144	427,144	0	391,067	65,177	325,890	818,211	492,321	325,890
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$0</u>	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR		<u>0</u>			<u>0</u>			<u>0</u>	
FUND BALANCE, UNRESERVED, END OF YEAR		<u>\$0</u>			<u>\$0</u>			<u>\$0</u>	

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

	<u>Board of School Trustees</u>	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>Searchsoft</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	<u>\$0</u>	<u>\$6,059</u>	<u>\$0</u>	<u>\$1,397</u>	<u>\$7,456</u>
 <u>FUND BALANCE</u>					
Fund balance, unreserved	<u>\$0</u>	<u>\$6,059</u>	<u>\$0</u>	<u>\$1,397</u>	<u>\$7,456</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Board of School Trustees</u>	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>Searchsoft</u>	<u>Total</u>
REVENUES					
Local sources					
School bus permit and class fees	\$0	\$4,762	\$0	\$0	\$4,762
State sources	0	0	1,000	0	1,000
Interest	0	223	9	47	279
Total revenues	<u>0</u>	<u>4,985</u>	<u>1,009</u>	<u>47</u>	<u>6,041</u>
EXPENDITURES					
Purchased services	0	6,044	1,009	0	7,053
Supplies and materials	0	168	0	0	168
Payments to other governments	0	99	0	0	99
Total expenditures	<u>0</u>	<u>6,311</u>	<u>1,009</u>	<u>0</u>	<u>7,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	0	(1,326)	0	47	(1,279)
FUND BALANCE, UNRESERVED - BEGINNING OF YEAR					
	128	7,385	0	1,350	8,863
FUND RECLASSIFICATION					
	<u>(128)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(128)</u>
FUND BALANCE, UNRESERVED - END OF YEAR					
	<u>\$0</u>	<u>\$6,059</u>	<u>\$0</u>	<u>\$1,397</u>	<u>\$7,456</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2006

	<u>Distributive Fund</u>	<u>Board of School Trustees</u>	<u>McHenry County Film Library</u>	<u>Cooperative for Employment Education</u>	<u>Total</u>
ASSETS					
Cash	<u>\$895</u>	<u>\$132</u>	<u>\$48,222</u>	<u>\$58,612</u>	<u>\$107,861</u>
 LIABILITIES					
Due to other governments	<u>\$895</u>	<u>\$132</u>	<u>\$48,222</u>	<u>\$58,612</u>	<u>\$107,861</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>7/1/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2006</u>
<u>DISTRIBUTIVE</u>				
Assets				
Cash	\$285	\$1,466,294	\$1,465,684	\$895
Liabilities				
Due to other governments	\$285	\$1,466,294	\$1,465,684	\$895
 <u>BOARD OF SCHOOL TRUSTEES</u>				
Assets				
Cash	\$0	\$132	\$0	\$132
Liabilities				
Due to other governments	\$0	\$132	\$0	\$132
 <u>McHENRY COUNTY FILM LIBRARY</u>				
Assets				
Cash	\$58,339	\$19,381	\$29,498	\$48,222
Liabilities				
Due to other governments	\$58,339	\$19,381	\$29,498	\$48,222
 <u>COOPERATIVE FOR EMPLOYMENT EDUCATION</u>				
Assets				
Cash	\$18,432	\$1,016,940	\$976,760	\$58,612
Liabilities				
Due to other governments	\$18,432	\$1,016,940	\$976,760	\$58,612
 <u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash	\$77,056	\$2,502,747	\$2,471,942	\$107,861
Liabilities				
Due to other governments	\$77,056	\$2,502,747	\$2,471,942	\$107,861

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF DISBURSEMENTS TO SCHOOL
DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Program</u>	<u>McHenry County Co-op</u>	<u>Special Education District of McHenry (SEDOM)</u>	<u>Regional Office of Education No. 44</u>	<u>Totals</u>
General State Aid		\$81,162		\$81,162
Vocational Ed. - Agriculture Education	\$4,990			4,990
Vocational Ed. - Secondary Program Imp.	614,992			614,992
Vocational Ed. - Perkins Title IIC	269,779			269,779
Alternative Education		492,321		492,321
Supervisory Expense			\$1,000	1,000
School Bus Driver Training			1,440	1,440
Totals	<u>\$889,761</u>	<u>\$573,483</u>	<u>\$2,440</u>	<u>\$1,465,684</u>