

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, 2005

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, 2005**

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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
Current
During audit period
4/1/05 – 6/30/05
10/18/04 – 3/31/05
8/1/04 – 10/15/04
7/1/04 – 7/31/04

Ms. Sarah Willey

Ms. Delight H. Pitman
Ms. Kai Conway
Ms. Delight H. Pitman
Ms. Lois Porter

Agency offices are located at:

7772 Clinton St.
Dixon, IL 61021

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)		
05-01	11-12	Controls over compliance with laws and regulations
05-02	13	Preparation of Financial Statements
05-03	14	Controls over financial reporting
FINDINGS AND QUESTIONED COSTS (<i>FEDERAL COMPLIANCE</i>)		
-N/A-		
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)		
-N/A-		
PRIOR FINDINGS NOT REPEATED (<i>FEDERAL COMPLIANCE</i>)		
-N/A-		

EXIT CONFERENCE

An informal exit conference was held via telephone with agency personnel on November 9, 2005. Attending were Ms. Amy Jo Clemens, Regional Superintendent and Maria de J. Prado, Partner from Prado & Renteria CPAs, Prof. Corp. Responses were received via electronic mail on June 28, 2006 for recommendation 05-03 and on July 25, 2006 for recommendation 05-02. An oral response was received on November 9, 2005 for recommendation 05-01. The responses to the recommendations were provided by Ms. Amy Jo Clemens.

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, 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, 2005, 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, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of June 30, 2005, 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 April 28, 2006 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 20 through 25, 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.

Ardo J. Renteria

Chicago, Illinois
April 28, 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 Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2005, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements and have issued our report thereon dated April 28, 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

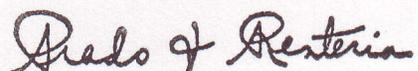
In planning and performing our audit, we considered the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Regional Office of Education No. 47's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05-02 and 05-03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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*. However, we noted an immaterial instance of noncompliance which is required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-01.

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



Chicago, Illinois
April 28, 2006



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the 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, 2005. 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, 2005.

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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

David J. Renteria

Chicago, Illinois
April 28, 2006

**LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2005**

Part II: Findings Related to the Financial Statements:

Finding No. 05-01 – Controls Over Compliance with Laws and Regulations

Criteria/specific requirement:

The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in her educational service region, and if she finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands.

This mandate has existed in its current form since at least 1953.

Condition:

The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in her region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

Effect:

The Regional Office of Education No. 47 did not comply with statutory requirements.

Cause:

The Regional Superintendent believes this mandate is outdated and that she is satisfying the intent of the statute by other reviews she undertakes.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2005

Recommendation:

The Regional Office of Education No. 47 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

Management's Response:

In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21st century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

We are grateful for the OAG's assistance in calling this to our collective attention because it provides the Regional Offices of Education with additional justification to request that the General Assembly delete this and other obsolete sections from the statutes. We will seek a legislative solution to this and other obsolete passages.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2005

Part II: Findings Related to the Financial Statements (continued):

Finding No. 05-02 – Preparation of Financial Statements

Criteria/specific requirement:

Accounting principles generally accepted in the United States of America require government-wide financial statements to be prepared on the accrual basis of accounting and the fund financial statements to be prepared on the modified accrual basis of accounting.

Condition:

The Lee/Ogle Counties Regional Office of Education No. 47 (ROE) prepares its financial reports on the cash basis. The ROE is not maintaining records of its accounts receivable, accounts payable, and deferred revenue in order to efficiently and effectively convert their financial statements from a cash basis to the accrual basis and the modified accrual basis of accounting.

Effect:

Internal financial reports are not prepared in accordance with accounting principles generally accepted in the United States of America.

Cause:

The ROE did not maintain subsidiary records of accounts receivable, accounts payable, and deferred revenue.

Recommendation:

The Lee/Ogle Counties Regional Office of Education No. 47 should begin maintaining subsidiary records of accounts receivable, accounts payable, and deferred revenue balances. These records will make the conversion from cash basis financial statements to accrual basis and modified accrual basis financial statements a more efficient and effective process.

Management's Response:

The Lee/Ogle Regional Office of Education No. 47 continues to improve its record keeping. All activity is now recorded on a centralized financial system. In addition to improving and centralizing the financial data, there is a heightened emphasis on utilizing the accounting structures emphasized in the Illinois Program Accounting Manual. The ROE will also maintain subsidiary records of accounts receivable, accounts payable, deferred revenue and fund balances sufficient to allow for the preparation of accrual basis financial statements.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2005

Part II: Findings Related to the Financial Statements (continued):

Finding No. 05-03 – Controls over Financial Reporting

Criteria/specific requirement:

Strong internal controls over financial reporting systems are required to prevent inaccuracies and inefficiencies in the reporting process.

Condition:

For the audit period ending June 30, 2005 the ROE used various accounting systems for recordkeeping. The RAP software program was used for check disbursements and grant reporting. Excel was used for payroll processing and reporting. Quickbooks was used to incorporate details of all receipt and disbursement activities by grant and for processing the bank account reconciliation. In addition, manual ledgers are used to maintain the cash balance. The ROE does not reconcile any one system to another.

Effect:

Lack of a good financial reporting system weakens internal control over financial reporting and may cause delays, inaccuracies, and inefficiencies in the final reporting process. As a result, various audit adjustments were processed to reconcile activities from various systems. The inefficiencies of recording all financial activities in more than one system also consumed the time of personnel assigned to recordkeeping functions.

Cause:

The ROE maintains various accounting systems as previous attempts to convert all of its recordkeeping activities to one system have been unsuccessful.

Recommendation:

The Regional Office of Education No. 47 should maintain all of its financial activity in one accounting recordkeeping system. However, if more than one recordkeeping continues to be utilized, we recommend that all systems be reconciled to each other periodically.

Management's Response:

Since FY 2002 we have been investigating different options to maintain the ROE's financial accounting records. We have implemented three different accounting software programs. With each of these programs we have identified inadequacies that result in inefficient use of the program. In May of 2005 we entered into an intergovernmental shared services agreement with the Bloom Township Treasurer. Throughout FY 2006 the ROE has completely stopped all use of two accounting programs. We now have one accounting program internally, while we have transferred our financial systems to Bloom Township, one process at a time.

**LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2005**

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR FINDINGS
JUNE 30, 2005

Corrective Action Plan

Finding No. 05-01

Condition:

The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year as required by Illinois School Code 105 ILCS 5/3-14.11.

Plan:

We will seek a legislative solution to this and other obsolete passages. We are grateful for the OAG's assistance in calling this to our collective attention because it provides the Regional Offices of Education with additional justification to request that the General Assembly delete this and other obsolete sections from the statutes.

Anticipated Date of Completion:

The Regional Office of Education No. 47 anticipates that contact with the General Assembly will be as soon as practical.

Name of Contact Person:

Ms. Amy Jo Clemens, Superintendent

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR FINDINGS
JUNE 30, 2005

Corrective Action Plan

Finding No. 05-02

Condition:

The Lee/Ogle Counties Regional Office of Education No. 47 (ROE) prepares its financial reports on the cash basis. The ROE is not maintaining records of its accounts receivable, accounts payable, and deferred revenue in order to efficiently and effectively convert their financial statements from a cash basis to the accrual basis and the modified accrual basis of accounting.

Plan:

The Lee/Ogle Regional Office of Education No. 47 continues to improve its record keeping. All activity is now recorded on a centralized financial system. In addition to improving and centralizing the financial data, there is a heightened emphasis on utilizing the accounting structures emphasized in the Illinois Program Accounting Manual. The ROE will also maintain subsidiary records of accounts receivable, accounts payable, deferred revenue and fund balances sufficient to allow for the preparation of accrual basis financial statement.

Anticipated Date of Completion:

The ROE expects to have subsidiary records for FY 2006.

Name of Contact Person:

Ms. Amy Jo Clemens, Superintendent

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR FINDINGS
JUNE 30, 2005

Corrective Action Plan

Finding No. 05-03

Condition:

For the audit period ending June 30, 2005 the ROE used various accounting systems for recordkeeping. The RAP software program was used for check disbursements and grant reporting. Excel was used for payroll processing and reporting. Quickbooks was used to incorporate details of all receipt and disbursement activities by grant and for processing the bank account reconciliation. In addition, manual ledgers are used to maintain the cash balance. The ROE does not reconcile any one system to another.

Plan:

The ROE will use one internal system during the transition to the Bloom Township Treasurer and then will only use the Bloom Township Treasurer by the end of FY 2006.

Anticipated Date of Completion:

The ROE expects to have the conversion to Bloom Township Treasurer completed by the end of FY 2006.

Name of Contact Person:

Ms. Amy Jo Clemens, Superintendent

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005

Finding Number

Condition

Current Status

N/A

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2005

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, 2005.

Management's Discussion and Analysis (MD&A) is a new element of required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 issued in June 1999. Certain comparative information between the current year (2005) and the prior year (2004) is required to be presented in the MD&A. This is the second year of implementation of the new reporting model contained in GASB Statement No. 34. Lee/Ogle Counties Regional Office of Education No. 47 has prepared comparative data. This comparative analysis will continue to be provided in future years.

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, 2005 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 four 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, 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 one category – governmental 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; 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 DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2005

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 funds Statement of Revenues, Expenditures, and the Changes in Fund Balances for all these funds. These funds are considered major funds of Lee/Ogle Counties Regional Office of Education No. 47. More detail of the individual revenues and expenditures for these 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 major education funds only, which is in compliance with GASB Statement No. 34.

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 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 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 DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2005

Condensed Financial Information

Net assets are summarized in the table below.

	June 30,	
	2005	2004
Assets:		
Current Assets	\$ 483,608	\$ 450,068
Capital Assets	<u>61,299</u>	<u>36,876</u>
Total Assets	<u>544,907</u>	<u>486,944</u>
Liabilities:		
Current Liabilities	222,236	207,851
Non-current Liabilities	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>222,236</u>	<u>207,851</u>
Net Assets:		
Invested Capital Assets, net of related debt	61,299	36,876
Unrestricted	<u>261,372</u>	<u>242,217</u>
Total Net Assets	<u>\$ 322,671</u>	<u>\$ 279,093</u>

Current assets consist entirely of cash and due from other governments.

As of June 30, 2005, 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.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2005

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

Condensed Statement of Activities		
For Fiscal Year Ending June 30,		
	2005	2004
Revenues:		
Program:		
Operating grants and contributions	\$ 1,199,204	\$ 944,383
General:		
Local sources	575,454	421,603
On-behalf payments	212,350	214,884
Interest	7,065	3,167
Total revenue	<u>\$1,994,073</u>	<u>\$1,584,037</u>
Expenditures:		
Instructional services:		
Salaries	523,138	400,250
Benefits	72,662	53,048
Professional and technical services	539,433	376,410
General supplies	78,783	80,945
Capital outlay	21,267	75,890
Other objects	9,568	1,940
Payments to other governments	483,690	315,600
Depreciation expense	9,604	1,820
Administrative services:		
On-behalf payments	212,350	214,884
Total expenditures	<u>1,950,495</u>	<u>1,520,787</u>
Change in net assets	43,578	63,250
Net assets – beginning	<u>279,093</u>	<u>215,843</u>
Net assets – ending	<u>\$ 322,671</u>	<u>\$ 279,093</u>

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

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

Capital assets

During the year ended June 30, 2005, the ROE invested \$34,027 to purchase furniture and equipment.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2005

Unrestricted net assets

During the year, unrestricted net assets (corresponding to general and education funds) increased by \$19,155 from \$242,217 in 2004 to \$261,372 in 2005. Overall, the increase was lower than the increase compared to fiscal year 2004. This is in part due to an increase in expenditures of a slightly higher level as the increase in revenue. In the General Fund, revenues increased by \$92,201 and expenditures increased by \$92,379. In the Education Fund, revenues increased by \$310,704 and expenditures increased by \$311,237.

Total revenue increased by \$410,036 from \$1,584,037 for the fiscal year ended June 30, 2004 to \$1,994,073 for fiscal year ended June 30, 2005. The increase was primarily due to increased federal revenue for fiscal year ended June 30, 2005. Total expenditures increased by \$429,708 from \$1,520,787 for the fiscal year ended June 30, 2004 to \$1,950,495 for the fiscal year ended June 30, 2005. The increase in expenditures was primarily due to an increase in expenditures related to additional federal revenue.

Several federal grants were expanded from FY 2004 which means that the Lee/Ogle ROE increased services in those areas: McKinney Education for Homeless Children, Mathematics and Science Partnership, Workforce Investment Act Partnership Grants (2), Title I-Reading First Part B SEA Funds, and Alternative Learning Opportunities Program.

The ROE has not recovered from the reduction from FY 2003 to FY 2004 in the ROE Services line item of 65% (\$103,170), and the elimination of three other funds designed to serve schools in our mandated areas: School Improvement and Accountability (\$17,317), Administrators Academy (\$9,314) and Technology (\$6,250). This means that state funding for FY 2005 was \$136,051 less than in FY 2004.

Factors or Conditions Impacting Future Periods

The state line item for ROE School Services continues to decrease each year. For the next fiscal year, FY 2006, we anticipate a 3.7% decrease (\$2,557) along with a decrease in a few grants: TAOEP reduction of 6% (\$9,715), and Mathematics and Science Partnership 15% (\$51,470). There will also be the elimination of the Title I-Reading First Part B SEA Funds (\$26,960). These reductions have been offset with very small increases in other grants: McKinney Education for Homeless Children 4.5% (\$13,634), and Regional Safe Schools 4% (\$6,087).

The costs for supplying statutorily mandated services continue to rise, while the legislated payments have not been increased to keep pace with the costs. 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.

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. The increase in the state aid foundation level continues to increase our ability to work with students at risk in our Alternative Learning Opportunities Program and Regional Safe Schools Program.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2005

Lee/Ogle Counties Regional Office of Education No. 47 is investigating investment opportunities with the Illinois Liquid Asset Fund to improve interest returns.

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 creditors 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 St., Dixon, IL 61021.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
STATEMENT OF NET ASSETS
JUNE 30, 2005

ASSETS

Current Assets:

Cash and cash equivalents	\$440,647
Due from other governments	42,961
	<hr/>
Total current assets	483,608

Noncurrent assets:

Capital assets, being depreciated, net	61,299
	<hr/>

TOTAL ASSETS 544,907

LIABILITIES

Current Liabilities:

Accounts payable	52,802
Due to other governments	9,991
Deferred revenue	159,443
	<hr/>

TOTAL CURRENT AND TOTAL LIABILITIES 222,236

NET ASSETS

Invested capital assets	61,299
Unrestricted net assets	261,372
	<hr/>
TOTAL NET ASSETS	<u><u>\$322,671</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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		Operating Grants and Contributions	<u>Primary Governmental Activities</u>
FUNCTIONS/PROGRAMS			
Primary government:			
Governmental activities:			
Instructional Services:			
Salaries	\$ 523,138	\$ 330,594	\$ (192,544)
Benefits	72,662	48,206	(24,456)
Professional and technical services	539,433	290,752	(248,681)
General Supplies	78,783	55,430	(23,353)
Capital Outlay	21,267	26,002	4,735
Other Objects	9,568	-	(9,568)
Payments to other governments	483,690	448,220	(35,470)
Depreciation expense	9,604	-	(9,604)
Administrative:			
On-behalf payments	212,350	-	(212,350)
Total governmental activities	<u>\$ 1,950,495</u>	<u>\$ 1,199,204</u>	<u>\$ (751,291)</u>
General revenues:			
Local sources - Intergovernmental and services			\$ 575,454
On-behalf payments			212,350
Interest			7,065
Transfers			-0-
Total general revenues, special and extraordinary items, and transfers			<u>794,869</u>
Change in net assets			43,578
Net assets - beginning			<u>279,093</u>
Net assets - ending			<u><u>\$ 322,671</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
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total
ASSETS					
Cash	\$196,928	\$152,808	\$83,247	\$7,664	\$440,647
Due from other governments	340	36,936	0	5,685	42,961
Total assets	<u>\$197,268</u>	<u>\$189,744</u>	<u>\$83,247</u>	<u>\$13,349</u>	<u>\$483,608</u>
LIABILITIES					
Accounts payable	\$12,307	\$37,859	\$108	\$2,528	\$52,802
Due to other governments	0	9,991	0	0	9,991
Deferred revenue	1,000	142,427	16,016	0	159,443
Total liabilities	<u>13,307</u>	<u>190,277</u>	<u>16,124</u>	<u>2,528</u>	<u>222,236</u>
FUND BALANCES					
Fund balance - unreserved - Education	0	(533)	0	0	(533)
Fund balance - unreserved - General	183,961	0	67,123	10,821	261,905
Total fund balances	<u>183,961</u>	<u>(533)</u>	<u>67,123</u>	<u>10,821</u>	<u>261,372</u>
Total liabilities and fund balance	<u>\$197,268</u>	<u>\$189,744</u>	<u>\$83,247</u>	<u>\$13,349</u>	<u>\$483,608</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 GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total fund balance - governmental fund	\$ 261,372
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>61,299</u>
Net assets of governmental activities	<u><u>\$ 322,671</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, 2005

	<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	\$449,257	\$88,561	\$15,095	\$0	\$ 552,913
Services	0	0	0	22,541	22,541
Interest	6,108	0	957	0	7,065
Total local sources	<u>455,365</u>	<u>88,561</u>	<u>16,052</u>	<u>22,541</u>	<u>582,519</u>
State sources	72,061	443,151	0	2,734	517,946
Federal sources	15,408	665,850	0	0	681,258
Total direct revenues	<u>542,834</u>	<u>1,197,562</u>	<u>16,052</u>	<u>25,275</u>	<u>1,781,723</u>
On-behalf payments	<u>212,350</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>212,350</u>
Total revenues	<u>755,184</u>	<u>1,197,562</u>	<u>16,052</u>	<u>25,275</u>	<u>1,994,073</u>
EXPENDITURES					
Salaries	190,708	330,396	0	2,034	523,138
Benefits	21,953	50,492	0	217	72,662
Professional and technical services	211,068	299,805	13,070	15,490	539,433
General supplies	11,370	62,088	0	5,325	78,783
Capital outlay	29,292	26,002	0	0	55,294
Payments to other governments	34,378	429,312	0	20,000	483,690
Other objects	9,568	0	0	0	9,568
Total direct expenditures	<u>508,337</u>	<u>1,198,095</u>	<u>13,070</u>	<u>43,066</u>	<u>1,762,568</u>
On-behalf payments	<u>212,350</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>212,350</u>
Total expenditures	<u>720,687</u>	<u>1,198,095</u>	<u>13,070</u>	<u>43,066</u>	<u>1,974,918</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34,497	(533)	2,982	(17,791)	19,155
FUND BALANCE, UNRESERVED BEGINNING OF YEAR	<u>149,464</u>	<u>0</u>	<u>64,141</u>	<u>28,612</u>	<u>242,217</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$183,961</u>	<u>(\$533)</u>	<u>\$67,123</u>	<u>\$10,821</u>	<u>\$ 261,372</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, 2005

Net change in fund balances		\$ 19,155
<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	\$ 34,027	
Depreciation expense	<u>(9,604)</u>	<u>24,423</u>
Change in net assets of governmental activities		<u><u>\$ 43,578</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 FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	<u>\$ 27,408</u>	<u>\$ 31</u>
LIABILITIES		
Due to other governments	<u>-0-</u>	<u>\$ 31</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, 2005

	<u>Private-Purpose Trust Fund</u>
ADDITIONS	
Local Sources:	
Interest	\$ 111
Change in net assets	111
Net assets - beginning	<u>27,297</u>
Net assets - ending	<u><u>\$ 27,408</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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lee/Ogle Counties Regional Office of Education No. 47 (the “ROE”) was created as a result of two Educational Service Regions becoming one Regional Office of Education as of August 7, 1995. Lee/Ogle Counties Regional Office of Education No. 47 operates under the School Code (105 ILCS 5/3 and 5/3A). Lee/Ogle Counties Regional Office of Education No. 47 encompasses Lee and Ogle Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants and various other sources.

The reporting entity includes all related organizations for which oversight responsibility is exercised.

Lee/Ogle Counties Regional Office of Education No. 47 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 there is 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.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major government 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.

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. Monies are expended to conduct teachers' institutes, conferences and workshops.

Education Fund – The Education Fund is used to account for grant monies received for, and payment of, expenditures for administering numerous grant awards which include:

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.

Title I Reading First Part B SEA Funds – to account for the grant monies received for, and payment of, expenditures related to this grade level reading 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.

Paraprofessional Test Prep Course – to account for grant monies received for, and payment of, expenditures for Paraprofessional Test Prep Course program.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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)

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

Department of Commerce and Economic Opportunity – to account for grant monies received for, and payment of, expenditures for assisting schools in all areas of school improvement.

ISBE/Mathematics – to account for grant monies received for, and payment of, expenditures to assist Illinois Schools in their efforts for the development of a statewide professional development design system.

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

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

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.

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

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-Major Special Revenue Funds (Continued)

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

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 Boards of Education, 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 – The Distributive Fund is used 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.

Petitions – The Petitions Fund is used to account for monies received and disbursed by the Regional Superintendent as an agent for individuals petitioning to have their property placed in a different school district. Excess funds are returned to individuals upon resolution of their petitions.

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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All capital assets, except for construction in progress, are being depreciated using the straight-line method over the following useful life:

Equipment	5 – 7 years
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Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2005; 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 following Grant funds: ROE Operations, Illinois Family Violence Coordinating Council, Mathematic and Science Partnership, Title I – Reading First Part B SEA Funds, McKinney Education for Homeless Children, Learning Improvement Through Non-Traditional Curriculum (LINC), Paraprofessional Test Prep Course, Truants Alternative Education, Department of Commerce and Economic Opportunity, Early Childhood Block Grant, Regional Safe Schools Program (RSSP) and ISBE Mathematics for the year ended June 30, 2005.

F. Intergovernmental Agreement

On August 17, 1998, Lee/Ogle Counties Regional Office of Education No. 47 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 Illinois Admin. Code Title 23 Section 525.110.

The name of the Intergovernmental Agreement is known as the Lee/Ogle/Whiteside Intergovernmental Agreement. Membership is made up of the following Regional Offices of Education: Whiteside County, Lee County and Ogle County. The Lee/Ogle ROE was designated as Administrative Agent.

The Whiteside County Regional Office of Education flows their State and federal funds for regional services to Lee/Ogle for administration and performance of accounting procedures that conform to all applicable rules and regulations of the Illinois State Board of Education.

The following programs were assigned to the Lee/Ogle/Whiteside Intergovernmental Agreement: Computer Technology, Staff Development, Title II, and Clearing house for educational materials and research.

NOTE 2 – DEPOSITS

At June 30, 2005, the carrying amount of the Regional Office of Education No. 47's cash deposits was \$468,086 and the bank balance was \$496,556. Of the total bank balance, \$135,604 was secured by federal depository insurance, \$117 is exempt and \$360,835 was collateralized with securities held by the financial institution's trust department but not in Lee/Ogle Regional Office of Education No. 47's name. The ROE has no policy regarding custodial credit risk for deposits.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 3 – CAPITAL ASSETS

The governmental activities capital assets activity the year ended June 30, 2005 is as follows:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
Cost:				
Equipment	<u>\$430,883</u>	<u>\$34,027</u>	<u>\$ 12,250</u>	<u>\$452,660</u>
Accumulated Depreciation:				
Equipment	<u>\$394,007</u>	<u>\$ 9,604</u>	<u>\$ 12,250</u>	<u>\$391,361</u>
Total Capital Assets, Net				
Equipment	<u>\$ 36,876</u>	<u>\$24,423</u>	<u>\$ -0-</u>	<u>\$61,299</u>

Depreciation expense of \$9,604 was charged to governmental function Instructional Services.

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 1,000 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;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another State created retirement system for the same service.

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

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

The 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.

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 2004 was 11.72% 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, 2004 was 2 years.

For December 31, 2004, the ROE's **annual pension cost** of \$17,737 was equal to the ROE's required and actual contributions. The required contribution was determined as part of the December 31, 2002 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 2004 actuarial valuation were based on the 1999-2001 experience study.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$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-
12/31/96	\$ 3,012	100%	\$-0-
12/31/95	\$ 844	100%	\$-0-

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, 2005 was 9% 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 0.5% during the year and ended June 30, 2005, and the member THIS Fund health insurance contribution was 0.75%.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM (Continued)

Plan Description and Employer Contributions (Continued)

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, 2005, State of Illinois contributions were based on 11.76% of creditable earnings, and the ROE recognized revenue and expenditures of \$31,133 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2004 and June 30, 2003, the State of Illinois contribution rates as percentages of creditable earnings was 13.98% (\$33,883) and 13.01% (\$35,793), respectively.

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

- **2.2 Formula Contributions**

For the years ended June 30, 2005 and June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the years ending June 30, 2005 and June 30, 2004 were \$1,535 and \$1,406 respectively. For the year ended June 30, 2003, part of the employer’s 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. Contributions for the year ended June 30, 2003 were \$45.

- **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. For the three years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2005, salaries totaling \$93,312 were paid from federal and trust funds that required employer contributions of \$9,798. For the years ended June 30, 2004 and June 30, 2003, required ROE contributions were \$4,672 and \$0, 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. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100% of the member’s highest salary used in the calculation of final average salary is required if the member is 55 years old. For the year ending June 30, 2005, the ROE paid \$323 for employer contributions under the ERO. For the years ended June 30, 2004, and June 30, 2003, the ROE paid \$0.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM (Continued)

Changes

Public Act 94-0004, which was signed into law on June 1, 2005, contained a number of provisions affecting employer and active member contributions. Most will not be effective or impact financial statements until the year ending June 30, 2006. The changes are summarized below:

- **Active member contributions**

The active member contribution rate will increase from the current 9.0 percent of creditable earnings to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.

- **State/federal contributions**

Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the state. Under Public Act 94-0004, the state contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.50 percent.

- **New employer contributions**

Salary increases over 6 percent

If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.

Sick leave in excess of normal allotment

If employers grant sick leave near retirement in excess of the normal annual allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under the contracts and collective bargaining agreements in effect on June 1, 2005.

- **Early Retirement Option**

In addition to changes described above, the following changes were made to ERO:

- Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member’s highest salary used in the calculation of final average salary to 117.5 percent.
- The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.
- 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.
- Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM (Continued)

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, 2004. The report for the year ended June 30, 2005, is expected to be available in late 2005. 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 Interest Office Expense Fund by the consent of all affected school boards and other entities. The funds are utilized by the 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.

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)	18,963
Assistant Regional Superintendent – salary	76,263
Assistant Regional Superintendent – benefits (includes State paid insurance)	1,254
Employees - benefits	<u>31,133</u>
	<u>\$ 212,350</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/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 8 – NEW GASB STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued statement No. 40, “*Deposit and Investment Risk Disclosures*”, effective for the Regional Office of Education No. 47’s fiscal year ending June 30, 2005. Statement 40 establishes additional disclosure requirements addressing common risks of investments. The Statement had no effect on the Regional Office of Education No. 47’s net assets or changes in net assets.

NOTE 9 – DUE TO/FROM OTHER GOVERNMENTS

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:	
Illinois State Board of Education	\$42,961
Due to Other Governments:	
Local School Districts – Education Funds	\$9,991
Local School Districts – Fiduciary Funds	\$31

NOTE 10 - DEFICIT FUND BALANCE

The following Education Account had a deficit fund balance at June 30, 2005. The deficit fund balance is expected to be eliminated by transfers from other funds.

Education Fund	
Connect	\$712

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, 2005

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)
12/31/04	\$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%
12/31/96	\$ 5,609	\$ 12,485	\$ 6,876	44.93%	\$ 36,782	18.69%
12/31/95	\$ 1,272	\$ 4,292	\$ 3,020	29.64%	\$ 10,307	29.30%

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$150,981. On a market basis, the funded ratio would be 105.27%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2004 are based on the 1999-2001 Experience Study. The principal changes were:

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

SUPPLEMENTARY INFORMATION

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2005

	ROE Operations	Local Fund	Total
ASSETS			
Cash	\$891	\$196,037	\$196,928
Due from other governments	0	340	340
TOTAL ASSETS	\$891	\$196,377	\$197,268
LIABILITIES			
Accounts Payable	\$891	\$11,416	\$12,307
Deferred Revenue	0	1,000	1,000
TOTAL LIABILITIES	891	12,416	13,307
FUND BALANCE			
Fund balance - unreserved	0	183,961	183,961
TOTAL LIABILITIES AND FUND BALANCE	\$891	\$196,377	\$197,268

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>ROE Operations</u>	<u>Local Fund</u>	<u>Totals</u>
REVENUES			
Local sources			
Intergovernmental	\$0	\$449,257	\$449,257
Interest	0	6,108	6,108
Total local sources	0	455,365	455,365
State sources	68,561	3,500	72,061
Federal sources	0	15,408	15,408
Total direct revenues	68,561	474,273	542,834
On-behalf payments	212,350	0	212,350
Total revenues	280,911	474,273	755,184
EXPENDITURES			
Salaries	58,722	131,986	190,708
Benefits	9,287	12,666	21,953
Professional and technical services	552	210,516	211,068
General supplies	0	11,370	11,370
Capital outlay	0	29,292	29,292
Payments to other governments	0	34,378	34,378
Other objects	0	9,568	9,568
Total direct expenditures	68,561	439,776	508,337
On-behalf payments	212,350	0	212,350
Total expenditures	280,911	439,776	720,687
EXCESS OF REVENUES OVER EXPENDITURES	0	34,497	34,497
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	0	149,464	149,464
FUND BALANCE, UNRESERVED, END OF YEAR	\$0	\$183,961	\$183,961

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - ROE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005

	ROE Operations		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$0	\$0	\$0
State sources			
ROE/ISC operations grant	68,561	68,561	0
Total direct revenues	68,561	68,561	0
On-behalf payments	0	212,350	212,350
Total revenues	68,561	280,911	212,350
EXPENDITURES			
Salaries	59,000	58,722	278
Benefits	8,700	9,287	(587)
Professional and technical services	350	552	(202)
General supplies	511	0	511
Capital outlay	0	0	0
Other objects	0	0	0
Total direct expenditures	68,561	68,561	0
On-behalf payments	0	212,350	(212,350)
Total expenditures	68,561	280,911	(212,350)
EXCESS OF REVENUES OVER EXPENDITURES	\$0	0	\$0
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR		0	
FUND BALANCE, UNRESERVED, END OF YEAR		\$0	

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2005

	<u>Illinois Family Violence Coordinating Council</u>	<u>Mathematics and Science Partnership</u>	<u>Title I Reading First Part B SEA Funds</u>	<u>McKinney Education for Homeless Children</u>	<u>Learning Improvement Through Non- Traditional Curriculum (LINC)</u>	<u>Paraprofessional Test Prep Course</u>	<u>Truants Alternative Education</u>
ASSETS							
Cash	\$2,385	\$138,509	\$5,183	\$9,458	(\$17,607)	\$197	\$20,324
Due from other governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,780</u>	<u>0</u>	<u>0</u>
Total assets	<u>\$2,385</u>	<u>\$138,509</u>	<u>\$5,183</u>	<u>\$9,458</u>	<u>\$3,173</u>	<u>\$197</u>	<u>\$20,324</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$540	\$2,207	\$1,253	\$9,458	\$2,994	\$0	\$20,324
Due to Other Governments	0	0	0	0	0	0	0
Deferred revenue	<u>1,845</u>	<u>136,302</u>	<u>3,930</u>	<u>0</u>	<u>0</u>	<u>197</u>	<u>0</u>
Total liabilities	2,385	138,509	5,183	9,458	2,994	197	20,324
FUND BALANCE							
Fund balance - unreserved	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>179</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$2,385</u>	<u>\$138,509</u>	<u>\$5,183</u>	<u>\$9,458</u>	<u>\$3,173</u>	<u>\$197</u>	<u>\$20,324</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2005

	<u>Connect</u>	<u>Department of Commerce and Economic Opportunity</u>	<u>ISBE/ Mathematics</u>	<u>Early Childhood Block Grant</u>	<u>BARJ</u>	<u>Regional Safe Schools Program</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
ASSETS								
Cash	(\$4,942)	\$0	\$153	(\$887)	\$35	\$0	\$0	\$152,808
Due from other governments	4,942	0	0	1,179	44	9,991	0	36,936
Total assets	<u>\$0</u>	<u>\$0</u>	<u>\$153</u>	<u>\$292</u>	<u>\$79</u>	<u>\$9,991</u>	<u>\$0</u>	<u>\$189,744</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$712	\$0	\$0	\$292	\$79	\$0	\$0	\$37,859
Due to other governments	0	0	0	0	0	9,991	0	9,991
Deferred revenue	0	0	153	0	0	0	0	142,427
Total liabilities	712	0	153	292	79	9,991	0	190,277
FUND BALANCE								
Fund balance - unreserved	<u>(712)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(533)</u>
Total liabilities and fund balance	<u>\$0</u>	<u>\$0</u>	<u>\$153</u>	<u>\$292</u>	<u>\$79</u>	<u>\$9,991</u>	<u>\$0</u>	<u>\$189,744</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, 2005

	Illinois Family Violence Coordinating Council	Mathematics and Science Partnership	Title I Reading First Part B SEA Funds	McKinney Education for Homeless Children	Learning Improvement Through Non- Traditional Curriculum (LINC)	Paraprofessional Test Prep Course	Truants Alternative Education
REVENUES							
Local sources							
Intergovernmental	\$0	\$0	\$0	\$0	\$68,695	\$0	\$0
State sources	22,793	0	0	0	0	0	161,914
Federal sources	0	272,929	17,167	303,337	0	40,228	0
Total revenues	<u>22,793</u>	<u>272,929</u>	<u>17,167</u>	<u>303,337</u>	<u>68,695</u>	<u>40,228</u>	<u>161,914</u>
EXPENDITURES							
Salaries	15,667	62,647	0	78,040	41,841	0	88,256
Benefits	1,180	12,402	0	9,640	8,923	0	12,323
Professional and technical services	5,842	140,281	14,304	23,189	11,379	39,090	55,306
General supplies	104	34,686	2,863	8,879	6,373	1,138	6,029
Capital outlay	0	22,913	0	3,089	0	0	0
Payments to other governments	0	0	0	180,500	0	0	0
Total expenditures	<u>22,793</u>	<u>272,929</u>	<u>17,167</u>	<u>303,337</u>	<u>68,516</u>	<u>40,228</u>	<u>161,914</u>
EXCESS OF REVENUES OVER EXPENDITURES	0	0	0	0	179	0	0
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	0	0	0	0	0	0	0
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$179</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, 2005**

	<u>Connect</u>	<u>Department of Commerce and Economic Opportunity</u>	<u>ISBE/ Mathematics</u>	<u>Early Childhood Block Grant</u>	<u>Balance and Restorative Justice</u>	<u>Regional Safe Schools Program</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
REVENUES								
Local sources								
Intergovernmental	\$14,629	\$0	\$0	\$0	\$5,237	\$0	\$0	\$88,561
State sources	0	4,847	5,753	31,221	0	133,972	82,651	443,151
Federal sources	0	0	0	0	0	15,659	16,530	665,850
Total revenues	<u>14,629</u>	<u>4,847</u>	<u>5,753</u>	<u>31,221</u>	<u>5,237</u>	<u>149,631</u>	<u>99,181</u>	<u>\$1,197,562</u>
EXPENDITURES								
Salaries	11,639	4,194	0	23,068	5,044	0	0	330,396
Benefits	2,500	375	0	2,999	150	0	0	50,492
Professional and technical services	929	278	5,503	3,673	31	0	0	299,805
General supplies	273	0	250	1,481	12	0	0	62,088
Capital outlay	0	0	0	0	0	0	0	26,002
Payments to other governments	0	0	0	0	0	149,631	99,181	429,312
Total expenditures	<u>15,341</u>	<u>4,847</u>	<u>5,753</u>	<u>31,221</u>	<u>5,237</u>	<u>149,631</u>	<u>99,181</u>	<u>1,198,095</u>
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(712)	0	0	0	0	0	0	(533)
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	0	0	0	0	0	0	0	0
FUND BALANCE, UNRESERVED, END OF YEAR	<u>(\$712)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$533)</u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

	Illinois Family Violence Coordinating Council			Mathematics and Science Partnership			Title I - Reading First Part B SEA Funds		
	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	51,850	22,793	(29,057)	-0-	-0-	-0-	-0-	-0-	-0-
Federal sources	-0-	-0-	-0-	343,097	272,929	(70,168)	26,960	17,167	(9,793)
Total revenues	51,850	22,793	(29,057)	343,097	272,929	(70,168)	26,960	17,167	(9,793)
EXPENDITURES									
Salaries	24,150	15,667	8,483	71,000	62,647	8,353	-0-	-0-	-0-
Benefits	2,250	1,180	1,070	12,200	12,402	(202)	-0-	-0-	-0-
Professional and technical services	24,350	5,842	18,508	213,047	140,281	72,766	23,800	14,304	9,496
General supplies	400	104	296	28,850	34,686	(5,836)	3,160	2,863	297
Capital outlay	700	-0-	700	18,000	22,913	(4,913)	-0-	-0-	-0-
Payments to other governments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total expenditures	51,850	22,793	29,057	343,097	272,929	70,168	26,960	17,167	9,793
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, 2005

	McKinney Education For Homeless Children			Learning Improvement Through Non-Traditional Curriculum (LINC)			Paraprofessional Test Prep Course		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Local sources									
Intergovernmental	\$ -0-	\$ -0-	\$ -0-	\$ 68,695	\$ 68,695	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total local sources	-0-	-0-	-0-	68,695	68,695	-0-	-0-	-0-	-0-
State sources	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Federal sources	303,337	303,337	-0-	-0-	-0-	-0-	39,500	40,228	728
Total revenues	<u>303,337</u>	<u>303,337</u>	<u>-0-</u>	<u>68,695</u>	<u>68,695</u>	<u>-0-</u>	<u>39,500</u>	<u>40,228</u>	<u>728</u>
EXPENDITURES									
Salaries	79,000	78,040	960	19,152	41,841	(22,689)	-0-	-0-	-0-
Benefits	11,800	9,640	2,160	2,218	8,923	(6,705)	-0-	-0-	-0-
Professional and technical services	201,100	23,189	177,911	11,430	11,379	51	38,862	39,090	(228)
General supplies	8,937	8,879	58	-0-	6,373	(6,373)	638	1,138	(500)
Capital outlay	2,500	3,089	(589)	-0-	-0-	-0-	-0-	-0-	-0-
Payments to other governments	-0-	180,500	(180,500)	-0-	-0-	-0-	-0-	-0-	-0-
Total expenditures	<u>303,337</u>	<u>303,337</u>	<u>-0-</u>	<u>32,800</u>	<u>68,516</u>	<u>(35,716)</u>	<u>39,500</u>	<u>40,228</u>	<u>(728)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>	<u>\$ 35,895</u>	<u>179</u>	<u>\$ (35,716)</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>\$ 179</u>			<u>\$ -0-</u>	

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

	Truants Alternative Education			Department of Commerce and Economic Opportunity			Early Childhood Block Grant		
	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	161,914	161,914	-0-	24,994	4,847	(20,147)	31,221	31,221	-0-
Federal sources	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total revenues	161,914	161,914	-0-	24,994	4,847	(20,147)	31,221	31,221	-0-
EXPENDITURES									
Salaries	83,143	88,256	(5,113)	10,000	4,194	5,806	23,071	23,068	3
Benefits	12,889	12,323	566	2,000	375	1,625	2,725	2,999	(274)
Professional and technical services	60,882	55,306	5,576	12,494	278	12,216	3,131	3,673	(542)
General supplies	5,000	6,029	(1,029)	500	-0-	500	2,294	1,481	813
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	161,914	161,914	-0-	24,994	4,847	20,147	31,221	31,221	-0-
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-		\$ -0-

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

	Regional Safe Schools Program		ISBE/Mathematics		Total	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Local sources						
Intergovernmental	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 68,695	\$ -0-
Interest	-0-	-0-	-0-	-0-	-0-	-0-
Total local sources	-0-	-0-	-0-	-0-	68,695	-0-
State sources	133,972	133,972	-0-	4,094	360,500	(47,545)
Federal sources	15,659	15,659	-0-	-0-	649,320	(79,233)
Total revenues	149,631	149,631	-0-	4,094	1,078,515	(126,778)
EXPENDITURES						
Salaries	-0-	-0-	-0-	-0-	313,713	(4,197)
Benefits	-0-	-0-	-0-	-0-	47,842	(1,760)
Professional and technical services	-0-	-0-	-0-	3,019	592,115	293,270
General supplies	-0-	-0-	-0-	1,075	61,803	(10,949)
Capital outlay	-0-	-0-	-0-	-0-	26,002	(4,802)
Payments to other governments	149,631	149,631	-0-	-0-	330,131	(180,500)
Total expenditures	149,631	149,631	-0-	4,094	1,169,398	91,062
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -0-	-0-	\$ -0-	\$ -0-	179	\$ (35,716)
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR		-0-				-0-
FUND BALANCE, UNRESERVED, END OF YEAR	\$ -0-		\$ -0-	\$ -0-	\$ 179	

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	<u>Bus Driver Fund</u>	<u>GED Fund</u>	<u>Supervisory Expense</u>	<u>Film Coop</u>	<u>Total</u>
ASSETS					
Cash	\$4,450	(\$5,582)	\$0	\$8,796	\$7,664
Due from Other Governments	<u>0</u>	<u>5,685</u>	<u>0</u>	<u>0</u>	<u>5,685</u>
	4,450	103	0	8,796	13,349
LIABILITIES					
Accounts Payable	\$0	\$2,528	\$0	\$0	\$2,528
FUND BALANCE					
Fund balance, unreserved	<u>4,450</u>	<u>(2,425)</u>	<u>0</u>	<u>8,796</u>	<u>10,821</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$4,450</u></u>	<u><u>\$103</u></u>	<u><u>\$0</u></u>	<u><u>\$8,796</u></u>	<u><u>\$13,349</u></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, 2005

	<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	1,312	16,355	0	4,874	22,541
Interest	0	0	0	0	0
Total local revenues	<u>1,312</u>	<u>16,355</u>	<u>0</u>	<u>4,874</u>	<u>22,541</u>
State sources	600	0	2,134	0	2,734
Federal sources	0	0	0	0	0
Total revenues	<u>1,912</u>	<u>16,355</u>	<u>2,134</u>	<u>4,874</u>	<u>25,275</u>
EXPENDITURES					
Salaries	0	17	0	2,017	2,034
Benefits	0	19	0	198	217
Professional and technical services	1,341	11,643	2,134	372	15,490
General supplies	0	5,325	0	0	5,325
Capital outlay	0	0	0	0	0
Payments to other governments	0	20,000	0	0	20,000
Total expenditures	<u>1,341</u>	<u>37,004</u>	<u>2,134</u>	<u>2,587</u>	<u>43,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	571	(20,649)	0	2,287	(17,791)
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	<u>3,879</u>	<u>18,224</u>	<u>0</u>	<u>6,509</u>	<u>28,612</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u><u>\$4,450</u></u>	<u><u>(\$2,425)</u></u>	<u><u>\$0</u></u>	<u><u>\$8,796</u></u>	<u><u>\$10,821</u></u>

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2005

	<u>Distributive Fund</u>	<u>Petitions Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 31</u>	<u>\$ -0-</u>	<u>\$ 31</u>
 LIABILITIES			
Due to other governmental agencies	<u>\$ 31</u>	<u>\$ -0-</u>	<u>\$ 31</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, 2005**

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash	\$ 31	\$ -0-	\$ -0-	\$ 31
LIABILITIES				
Due to other governmental agencies	\$ 31	\$ -0-	\$ -0-	\$ 31
 <u>PETITIONS FUND</u>				
ASSETS				
Cash	\$ 700	\$ 700	\$ 1,400	\$ -0-
LIABILITIES				
Due to other governmental agencies	\$ 700	\$ 700	\$ 1,400	\$ -0-
 <u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 731	\$ 700	\$ 1,400	\$ 31
LIABILITIES				
Due to other governmental agencies	\$ 731	\$ 700	\$ 1,400	\$ 31

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor, Program Title and Major Program Designation	CFDA Number	Project Number (1st 8 digits) or Contract #	07/01/04 06/30/05
U.S. Department of Health and Human Services passed through Illinois State Board of Education:			
Regional Safe Schools Program (TANF)	93.558	05-3696-00	\$ 15,659
Regional Safe Schools Program - General State Aid (TANF)	93.558	05-3001-93	<u>16,530</u>
			32,189
U.S. Dept. of Education passed through Illinois State Board of Education (ISBE):			
Mathematics and Science Partnership (M)	84.366	04-4936-00	103,034
		05-4936-00	125,311
		05-4936-01	<u>44,584</u>
			272,929
Title I - Reading First Part B SEA Funds	84.357A	04-4337-02	1,232
Title I - Reading First Part B SEA Funds	84.357A	05-4337-02	<u>15,935</u>
			17,167
McKinney Education for Homeless Children (M)	84.281	05-4920-00	303,337
U.S. Dept. of Education passed through Illinois Community College Board (ICCB):			
Paraprofessional Test Prep Course	84.367A	04-4994-00	719
Paraprofessional Test Prep Course	84.367A	05-4994-00	<u>39,509</u>
			40,228
U.S. Department of Education Rural Education Assistance Program	84.358A	05-4999-00	<u>15,408</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE:			\$ 681,258

(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, 2005**

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 federal awards to sub-recipients during fiscal year ended June 30, 2005 as follows:

To: Ogle County Education Cooperative (OCEC):			
93.558	2005-3696-00	Regional Safe Schools Program (RSSP)	\$ 15,659
93.558	2005-3001-93	Regional Safe Schools Program- General State Aid (RSSP-GSA)	16,530
84.358A	2005-4999-00	Rural Education Assistance Program	15,408
To: Henry and Stark Counties Regional Office of Education No. 28:			
84.281	2005-4920-00	McKinney Education for Homeless Children	16,825
To: LaSalle County Regional Office of Education No. 35:			
84.281	2005-4920-00	McKinney Education for Homeless Children	50,450
To: Rock Island County Regional Office of Education No. 49:			
84.281	2005-4920-00	McKinney Education for Homeless Children	48,525
To: Rockford Public School District No. 205:			
84.281	2005-4920-00	McKinney Education for Homeless Children	64,700

LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION No. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAMS

The following federal programs were audited as major programs 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 concerning issues of homelessness.
- Increase training opportunities for school personnel about legal right of homeless children/youth by providing updates on the McKinney-Vento Homeless Assistance Act and other related laws.
- Improve academic achievement levels of homeless students.
- Increase parent participation in meeting the educational, physical and emotional needs of their children through the collaboration of service delivery between school and community agencies.
- Educate school districts for sustainability of meeting the needs of homelessness students.

Mathematics and Science Partnership: The goals and activities of this partnership are designed to increase the content knowledge and skills of teachers in order that they prepare content-rich, contextual learning experiences for students which will increase their achievement in math and/or science. Teachers will also be assisted in attaining highly qualified teacher status in math and in science.

NOTE 4 – NONCASH ASSISTANCE

-N/A-

NOTE 5 – AMOUNT OF INSURANCE

-N/A-

NOTE 6 – LOAN OR LOAN GUARANTEES OUTSTANDING

-N/A-